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# West Europe Report

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19 October 1984

## WEST EUROPE REPORT

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SPD CHAIRMAN BRANDT INTERVIEWED ON FUTURE OF OSTPOLITIK

Hamburg DER SPIEGEL in German Vol 38 No 37, 10 Sep 84 pp 25-28

[Interview with Willy Brandt, chairman of the SPD, by SPIEGEL editors, date and place not specified: "We Can't Go Around the Big Powers"]

[Text] SPIEGEL: Mr Brandt, in your opinion "amateurish prattling" within the government has contributed to the cancellation of Erich Honecker's visit. Haven't the social democrats also contributed to that difference of opinion which the GDR is now using as a pretext for cancellation of the visit?

Brandt: It would be a shame if that were true. In fact, that is not the case. I made my intentionally critical remark before it was certain that the visit would not take place. I would be happy to discuss the phrase in detail.

SPIEGEL: Please do.

Brandt: The first word means inadequate treatment of a situation in terms of its substance, and the second word means idle chatter or a lack of self-discipline. Nevertheless I would like to say at the outset that I will not engage in one-sided accusations. I can't excuse the GDR leadership from their obligation to offer an explanation. And how could I? However I would like just as little to be identified with all the nonsense I have heard or read in the Soviet media in recent weeks--for example regarding the supposed German desire to regain territory lost in the war.

SPIEGEL: Honecker could also use what you have said as an excuse for cancelling his visit. From the very beginning you have maintained that the Kohl government lacks the qualifications for engaging in a substantive dialogue.

Brandt: When one digs below the surface and views the substance of the matter, it becomes evident that Mr Honecker couched his cancellation of the visit--that matters of substance were to be discussed was his clear message from East Berlin on 4 September when the visit was cancelled--in the statement that the chancellor had obviously wanted to exclude important subjects from discussion.

And what are the matters of substance? It is the joint statement issued by Schmidt and Honecker at the 1981 Werbellinsee conference. No one who looked closely at the matter and who understands the overall context could think that Honecker would want to hide behind it. A number of practical issues are involved, from passenger traffic to environmental protection. But at that time the matters of substance included--clearly defined--the question of arms control. That is the central issue. By the way, it is also the central issue concerning unity between the government and the opposition.

SPIEGEL: Has unity been destroyed?

Brandt: Unity was the result of the fact that the Kohl government built on the foundation laid by the social/liberal coalition. And therefore it was easy to remove this issue from the realm of internal political disagreement. But the question is: Is this true in word only or also in deed?

SPIEGEL: Do you suspect that the real reasons for this cancellation are not yet known?

Brandt: That is yet to be determined. We want to know how far the substantive preparations had actually gone. This will certainly not be made known to the general public, but will be investigated in committee in the Bundestag.

What was the real problem, if it was a matter of the communique? It is unusual that even before the visit was cancelled questions about the communique were publicly debated.

SPIEGEL: What did you mean when you accused the government of political miscalculations?

Brandt: I had two particular points in mind. One of them is that again and again within certain branches of German politics--currently within those branches which run this government--there has been the illusion that questions involving the two German states could be resolved to a certain extent within the scope of East-West relations. Our policies regarding Germany were conceived as an integral part of what was then called Ostpolitik.

SPIEGEL: Did the Soviets prevent Honecker's visit?

Brandt: Those who say that, usually polemically, are taking the easy way out. It is not entirely true; I find it an oversimplification. In their own way they are substantiating the fact that they cannot avoid the connection between policy concerning the two German states and East-West policy. A German policy which is constructive and positive must also provide safeguards in the direction of the Soviets. When I was in Erfurt in 1970, Egon Bahr was in Moscow. And due simply to the fact that the two visits occurred at the same time, it was clear that they were related. The second point is that within German politics the somewhat simplistic and materialistic idea resurfaces from time to time that certain concessions can

be bought from the other side when we are talking about basic political positions. This has been the case for years. I can still remember when I was the mayor of West Berlin I drove through the city one day with Ludwig Erhard. And he asked me with extreme--if naive--openness how many billion marks I thought it would cost to buy the GDR from the Russians. That was a bit extreme, but variations on the same theme come into play from time to time; some think that large sums of money will change basic positions on the other side.

SPIEGEL: When the GDR excluded citizens of West Berlin from the more liberal travel policy between the two Germanys you said that if Bonn and East Berlin are at loggerheads on such an important issue as Berlin, then Bonn might have to make waves in Moscow. In this regard you refer to your personal intervention with Brezhnev. Isn't this an unfair reference in a situation in which Kohl does not even have a comparable counterpart in Moscow?

Brandt: An interesting question. My criticism was based on the results claimed by the minister of state in the Federal Chancellery. He said how nice it all was--what they had achieved there. But as to the question of why the West Berliners had not been included, the claim was that it wasn't possible now because of the USSR. The opposition dealt even more harshly with us, but we saw to it that dealings with the GDR were not conducted separately from those with the USSR.

I do not think that the problem can be attributed to one person within the USSR. Rather I feel that here, too, the question has been raised as to how to conduct our relations with the USSR in these disputed areas.

SPIEGEL: In Washington Kohl was suspected of wanting this visit too much.

Brandt: Well, you do not become chancellor without also taking on the annoyances. Being the chancellor in this situation is not easy. I myself during the missile debates in the Bundestag in November of last year said that things would be much more difficult even in our relations with the GDR. And I can still hear what they countered with--that all of it was just nonsense. Now, for the moment, these illusionists have fallen on their faces, and I cannot spare them from being roundly criticized.

SPIEGEL: Can the damage be repaired?

Brandt: I fear that perhaps the feeling will be like this: In the fall of 1984, in the shadow of superpower politics preceding the election in the United States, there really was the opportunity to move our gamepieces forward somewhat. This opportunity has been lost. And all the talk that things are proceeding nicely must first be proven. I would like to see what comes of it.

SPIEGEL: Which gamepiece could have been moved? Should Kohl have talked to Honecker about a joint declaration of non-aggression?



Brandt: Substantiated non-aggression based on the Stockholm disarmament conference. A cooperative initiative would have made an impression. We could have had here the largest possible coalition.

SPIEGEL: Should the government not also have met Honecker half way on the "status question" by upgrading the "working visit" to a state visit?

Brandt: For the GDR the question of status includes matters of style. The uncontrolled chatter from the government camp could not help matters. We ought to listen to the Austrians who also have experience with international treaties and in living with larger neighbors. They say that if you want to achieve something, you have to be able to keep your mouth shut.

Regardless of all that, it is my estimation that many people in the GDR took personally remarks made at the highest levels concerning Mr Honecker. This is also true of those who are not so closely aligned with the government there. But many people in the GDR expected a great deal.

SPIEGEL: Then would Honecker have been able to come to Bonn?

Brandt: I don't want to get involved in the plans that were made. Both sides seem to have agreed that they would meet first in Gefilden in the Rhineland-Palatinate and then move on. By "move on" I don't mean anything odious; that is part of state visits. You go out a little from the agreed meeting place. But this would not have been going "out." Because what is "out" in terms of Kreuznach and Wiebelskirchen instead of Bonn? But really, I think we have to reconsider whether we are not debating certain stories which might easily take on a touch of absurdity.

SPIEGEL: Then should the chancellor have made the return visit to East Berlin?

Brandt: I frequently ask myself what benefit it is to us in the long run if one party--in this case ourselves--says that it cannot go to East Berlin, while the other party--the Russians and the GDR--says that the so-called agencies of the FRG and foreigners on state visits are not permitted to go to West Berlin. What stupidity! This does not have much to do with reality or substantive issues.

SPIEGEL: Substantive issues as far as Honecker is concerned undoubtedly include the demands he made 4 years ago in his speech in Gera: GDR citizenship, recognition of the Elbe border and dissolution of the state procurement and purchase enterprise for agricultural products at Salzgitter. Where do you see the possibilities for Bonn to move closer to the GDR?

Brandt: I would rather not discuss that now for very good reasons: I am not completely informed in detail on the preparations made for the Honecker visit. I just think that it is again appropriate to point out that the talks at Werbellinsee took place between Gera and the latest intended talks. Gera was discussed there, too. And I say that we should have proceeded based on the communique of December 1981. What was the meaning of that



remark coming out of Oggersheim to the effect that there were also questions which Honecker was free to bring up, but that the chancellor wouldn't pay any attention to them? Certainly there are matters of disagreement, but to simply ignore those issues is not the thing to do. Particularly since it is always necessary to debate the interests of both sides and to try to reach a compromise whenever possible.

SPIEGEL: Does this cancellation perhaps indicate that inter-German policy is not even feasible in view of the tensions between the USSR and the United States--even if preparations were made in a more professional and issue-related manner?

Brandt: The charge of inadequate professionalism is one I share with more conservative observers than I myself am.

SPIEGEL: With Franz Josef Strauss?

Brandt: Possibly, but I was thinking of others. But now I said that we shouldn't harbor the illusion that we can get around what is happening between the superpowers. Our relationship to the superpowers is also important. But there were and are opportunities to take advantage of even a limited amount of latitude. Up to now we have not taken advantage of it. It would be wrong to say that European politics or politics between the two German states can only evolve based on the nature of relations between Washington and Moscow.

SPIEGEL: Aren't you deceiving yourself and us just a bit?

Brandt: We often perceive things incorrectly. In a number of cases better relations have developed between countries in Western and Eastern Europe than between the two German states. Many people thought that the two Germanys had a lot in common. The fact is that there were an awful lot of things to regulate. However in matters of substantive political issues the situation is this: Talks between the responsible parties in the FRG and those in Budapest speaking on behalf of Hungary, for example, have for a number of years already discussed European and international issues more intensively than has been the case between Bonn and East Berlin. With regard to the GDR, things could now not only have reached a standoff--things might even get worse.

SPIEGEL: Concerning the formulation of the aim of your inter-German policy, i.e., to establish a good, neighborly relationship between the two German states, the social/liberal government was also not successful in its 13 years in power.

Brandt: Spare me a critical look at the 70's now. Everything in the world could be better than it is.

SPIEGEL: Has detente fallen into such disfavor that it has lost its significance?

Brandt: To tell you the truth I don't quite know what to make of the term "detente" today. At any rate it isn't supported anywhere in the relations between the superpowers. No, with regard to this visit which will not take place I think that first of all opponents of detente in various of the world's capitals, including Europe's by the way, will rejoice. And secondly those people will rejoice who don't think the Germans capable of doing anything to counteract the cooling off of relations which we fear.

SPIEGEL: Does the SPD also have a function within this process?

Brandt: Not in place of the government. Yet in spite of this setback, Hermann Axen, a member of the Politburo, is coming to Bonn with a delegation on 20 September to continue the discussions with SPD members begun in East Berlin concerning the issue of the elimination of chemical weapons.

SPIEGEL: Mr Brandt, your fellow party member Hans Apel recently caused an uproar when he declared the German question no longer an open issue. Do you share his view?

Brandt: You cannot conclude that from this rather pointed formulation; rather, Apel was entirely correct in his interpretation of the agreements. He said that what has resulted will not allow us to simply repeat the same phrases which we--myself included--always used in the 50's each year on 17 June--Reunification Day. They change nothing when it comes to the actual status of the German question. We must maintain a substantive dialogue where most Germans live today--in the two German states. However, there are also constitutional and legal matters which cannot be so simply and quickly resolved.

SPIEGEL: How important to you is reunification?

Brandt: For a long time I have had difficulty with the "re" in reunification. As more time passes, a return to what once was becomes less and less relevant. And that which some called "reunification"--I less so than others--should certainly not be interpreted as a return to the Third Reich but rather something predating Hitler.

The Germans no longer control their relationships with one another by themselves but in conjunction with other parties. The German question has increasingly become an issue concerning the Germans and their neighbors--neighbors in the literal and in the figurative sense. And more and more people are accepting what I said many years ago: There is no isolated solution. A solution is only possible if there is a fundamental change within the different areas of Europe.

I do think this possible, but it may not happen next week on Wednesday afternoon at 5:00. Only then will it be possible for the Germans, where they now live, to discover what other relationship they want to have with one another. This need not mean a return to Bismarck's national model. This is one point on which I have long agreed with Franz Josef Strauss, who is otherwise not one of my trusted political allies--that it is not just a matter of a return or non-return to Bismarck.

SPIEGEL: Mr Kohl also recently employed this idea.

Brandt: That is in his favor. Even if separation were to be the result--after both nations had achieved a greater degree of independence--I still suspect that because of their historical and cultural ties, they would have a greater affinity for one another and would develop closer relations than between England and France, for example, or between Spain and Portugal.

But why can't we leave some of that to history? Since no one knows how and when relations between the various parts of Europe will change significantly, no one can know whether the Germans will be dealing with the question of a common nationality or special relations between the existing political entities. This, I think, we should leave to the future.

SPIEGEL: Fundamental changes--does this also mean a breakup of the major political alliances?

Brandt: Churchill--and I consciously quote a very conservative British prime minister--once said he foresaw a time in which the USSR would seek membership in NATO. I found this very premature. He was thinking at the time of the often-cited Chinese threat. Adenauer also thought occasionally about the millions of able-bodied men on the Sino-Soviet border. Today, many people do not want to be reminded of this. Despite all my loyalty toward NATO, I have never heard anyone maintain that one must consider the current political alliances as the final word.

SPIEGEL: Until this question is answered there is no solution. Until then words like "reunification" or "unification" will not be on the agenda.

Brandt: No, because they are not on the agenda in any of the various parts of Europe.

SPIEGEL: Mr Brandt, thank you for this interview.

12552

CSO: 3620/457

## DISACCORD ON ECONOMIC POLICY COOLS SPD TO GREEN COOPERATION

Bonn DIE WELT in German 24 Aug 84 p 1

/Article by Peter Philipps: "SPD Members of Parliament Skeptical about Greens." Roth Warns against Theory Debates on Economic Policy. "Services Must be Expanded"/

/Text/ In the SPD parliamentary group there is a noticeable reserve vis-a-vis a nationwide cooperation with the Greens. The parliamentary members see almost insurmountable difficulties in fundamental questions about such as economic policy. The deputy chairman of the SPD parliamentary group, Wolfgang Roth, expressed the view to DIE WELT that for the SPD, a joint economic policy was absolutely unthinkable with people who "question the industrial development and its merits of the past 50 years." The Social Democrats are aware that only this development enabled the masses to leave poverty behind.

Although Roth, like his parliamentary group chief Vogel, does not rule out that the Greens might "see the light," he is skeptical in this regard. At any rate, he warns his party against losing itself in theoretical debates on programs and coalitions. It must always "be aware that citizens may very quickly call us back to responsibility." He himself "firmly believes" that the SPD in Bonn "will be called back in 1987, in whatever constellation."

The chairman of the SPD parliamentary group in the parliamentary economic committee, Uwe Jens, also responded with a "clear No" to questions about cooperation with the Greens. In the parliamentary group press service, "ppp," he declares such cooperation to be "inconceivable with the present experience." The Greens make remarks which "contain elements of early mercantilism as well as of socialism as it really exists," i.e., communism.

Roth, who assumed the chair of the economic and finance policy commission in the SPD's Executive Committee before the summer recess, wants to make the new economic policy profile of the SPD more visible, also by hearing experts during the coming months. In this, the SPD also must proceed from "the low growth rates" of the German economy. Since Roth does not expect a large number of new jobs in the industrial area, his deliberations aim rather at the creation of jobs in the industrial area, his deliberations aim rather at the creation of jobs in the service sector "between state and market place." He also does not expect that "the services of the future" to be created "will be closely interlinked with the state."

By now, Roth makes fun of the instrument of "direction of investment" which is regularly brought up. This concept had always been "footsore." There is no one with "higher insight" who could direct investment flows in a better way. But greater opportunities for participation in investment decisions must be brought about. This also puts in question the present form of codetermination.

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CSO: 3620/469

## DISSIDENT COMMUNIST FISZBIN DISCUSSES PCF PROBLEMS

Brussels KNACK in Dutch 15 Aug 84 pp 44-46

[Interview with former PCF leader Henri Fiszbin by Sus van Elzen: "Is the Party in Danger of Disappearing?"; date and place not given; passages enclosed in slantlines, printed in italics]

[Text] Interview with former PCF [French Communist Party] leader Henri Fiszbin, about what threatens to become the historical downfall of the PCF.

No, Henri Fiszbin does not think that it will ever be possible to get the PCF to the point where it readmits the militants who were pushed out. His attempt to force the party into discussions failed. Henri Fiszbin has been a communist for years, and until recently he was a member of the Paris leadership of the PCF. Then began the downfall of the party, in Paris as well -- or rather, the downfall continued --, and Fiszbin could no longer keep his mouth shut. The party leaders put him in his place. Fiszbin started -- sacrilege in the party -- a movement on his own. He was excluded. He and his friends conducted a campaign for the European elections using the weekly RCH (RENCONTRES COMMUNISTES - HEBDOMADAIRE). Which they lost.

So much the worse, said Fiszbin, who since then has written a book with the -- for party communists, provocative -- title "Appel à l'autosubversion" [Appeal to Self-Subversion], in which he gives his version of the "cultural revolution" the PCF needs to be able to survive: that revolution will have to come from somewhere else.

Henri Fiszbin: Since about 1977, the French Communist Party has stumbled into a very deep crisis, which was the result of the break of the PCF leadership from the unitary orientation which had been dominant since the sixties. Which coincided with the establishment of the joint program and with the progress of the left, to the point that it became possible to capture the majority.

But it is well known: when it was time for the parliamentary elections of 1978 the PCF leadership caused a break in the joint program, and retired to



the very narrow positions from which precisely an attempt had been made in recent years to pry the communist movement loose. That break, that return to a sectarian line formed the basis for great dissatisfaction among numerous militants.

So that the situation does not look particularly positive. Given that it seems that the mere existence of the Communist Party in France arouses feelings of repulsion, given that it has seen its audience reduced by half in a very short time and that today it's influence is once again approximately what it was when it was established. People who saw themselves as communists, but different from the PCF -- the Eurocommunists, so to speak -- no longer see any possibilities of manifesting themselves as communist, because the discredit brought to the movement by the PCF is too great.

Naturally, it is obvious that you cannot completely separate the election results of the Communist Party from the results obtained by the left as a whole. It is true that the left has suffered a defeat here. Especially through the objective opportunities it has in ruling the country. But to do like the PCF, and to analyze the communist defeat as one of the aspects of the decline of the left, and nothing more, is of course not possible. The facts prove that what is involved here is a phenomenon which has been going on since at least 1977.

It is not the people, as with the PS [Socialist Party], who were attracted in the years 1977-1978/1981, who are now abandoning the Communist Party; it is the heart of the electorate itself: one out of two traditional voters no longer vote for the PCF. And they don't do this to demonstrate their dissatisfaction with the /Socialist/ Party. But rather for two essential reasons. First of all, the nearly unconditional support of the Soviet Union to which the party has returned. After all, it is becoming increasingly obvious that the political system in the socialist countries does not in any way correspond to the ideals of communists who want democracy and freedom and certainly cannot be satisfied with an undemocratic, totalitarian system. And in practice, we see the PCF copy all those unacceptable elements and approve them: Afghanistan, Poland, the Korean Boeing, the Sakharov affair... All that is intolerable in the politics of the Soviet Union.

Secondly, and in my opinion this is even more fundamental, it also involves the fact that the reason of existence of a communist commitment is not just conducting opposition and protesting. Protest is necessary, and elementary I would say, in the plan to change society. But protest is not constructive, and the communist ideal then is not just to protest or to scream, but to change reality. It is that policy function, which we saw growing in the sixties and the seventies, and which formed the most constructive part of communist action, which has landed beyond the reach of the Communist Party. A Communist Party which always kept on dawdling, half inside, half outside, bursting with self-complacency. All those things together sow a confusion which causes the PCF to loose in all areas, that is inevitable.

## Counterplan

Question: Could you give a concrete example of the PCF having been given opportunities but having failed?

Fiszbin: Well yes, one of the most important responsibilities entrusted to a communist under leftwing rule was that of the coal mines, to Georges Valbon, a member of the Central Committee and an important man within the PCF leadership. He became president of the bureau of French coal mines. That is a typical example of an extremely complicated problem -- because it involves tens of thousands of mine workers, a traditional proletariat par excellence, in an industry which definitely has a great future but which needs to be modernized and adapted to today's world because the right didn't do it.

A unique opportunity is to try to solve the adaptation and modernization problem in a way which considers the social needs of the mine workers and which must also consider the country's interests: it is obvious that France is not going to throw billions upon billions of francs every year into a bottomless pit solely to maintain obsolete methods of coal mining, or to keep mines open which should have been closed long ago. This is a typical example of a situation where a constructive, social, proletarian, revolutionary and national approach must coincide. And instead... In order not to have to bear responsibility for measures which were certainly very painful, but necessary for the future, our communist leader tendered his resignation. And afterwards, together with the PCF, he announced that no mines should be closed. Isn't that characteristic?

I'll give you a second example, if you like, of the same way of doing things. The government plans for the steel industry produced similar problems. The communist ministers participated in the deliberations, participated in the decision making and once things had gotten this far the PCF came up with a counterplan, its own steel plan, which bypassed reality and was built on rather demagogic biases -- but independent of this, I find it significant that the PCF did not come up with its plan prior to the government decision even though it was in the government --, to contribute to solving a problem, but really afterwards. At a time when it only had a propaganda value. That is opposition behavior.

I believe that a revolutionary organization -- as the PCF should be -- is absolutely necessary, but then with a revolutionary vision which has little to do with the storming of the Winter Palace in 1917: it is not that. Experience has taught us that. To conduct a revolution is not to break down everything and make a clean sweep; it is to plod along patiently in order to change the structure of society little by little. That is the direction the PCF should be going. But it appears not to be capable of that.

Question: In the traditional sense of the word that is called reformism, isn't it?

Fiszbin: Certainly, and if you worship words that is also unacceptable. What I regret in the French communist movement is precisely that they are not

succeeding in getting rid of that theological position, with taboos, with words which cannot be touched. Reformism is bad, revolution is tearing everything to pieces. That is a religious position, and if the PCF does not succeed in breaking away from that it will disappear. Communism is a question of politics. It must draw lessons from history, and also from today's reality. I think that both the revolutionaries and the reformists within the labor movement will have to readjust if they want to tackle the real problems.

#### Point of no Return

Question: Why is it specifically now that the rank and file no longer pick communist practice?

Fiszbin: The fact that the PCF was blocked -- since 1956 wouldn't you say? -- created a situation in which an ever greater gap developed between French society and the PCF. And the base of its influence and authority slowly shrank until the only thing left was the cultivation of communist tradition. And that still exists: 10 or 11 percent, that is nothing. That could go on for a long time yet, but it will continue to shrink. It is a large sect -- but still a sect. It is very significant that the breach between the communists and society is most visible among the young. Whereas it was precisely among the young that the communist idea was received best. And also among the workers. In terms of influence, the PCF is in third place among the workers.

Question: Is the comparison with the Italian Communist Party unjust?

Fiszbin: That comparison indicates that all of this did not necessarily have to be that way, that it is not communism that is rejected by the people but the manner in which it works.

It is a fact that the PCI [Italian Communist Party] leadership has many merits first of all, and that is the most important, by having accepted the great diversity within communism. In Italy the communists do not form a monolithic bloc, where everybody from top to bottom says the same thing, unanimously, about everything: in Italy you have people, up to the highest levels, who express themselves, who state their opinion, who say this and that... That diversity within communism is an absolute condition to permit democratic choice. Particularly in the party structures. The monolithic, antidemocratic structure of the PCF has undoubtedly promoted the behavior of its leaders, in the sense that democratic structures would have kept them from conducting a policy which is leading the party straight into the abyss. As a matter of fact, the main responsibility for the decline of communism in France lies with the leaders of the PCF.

Question: Hence the party must change, but is it still capable of that?

Fiszbin: That is the question. What we wanted to do with RENCONTRES COMMUNISTES was to create, by giving the floor to a group of dissident communists, a situation of competition which could have drawn the mass of communists in the direction of acceptance of their differences of opinion, and of looking for a way out of the crisis. That failed. The remaining possibility for

recovery is for the apparatus to question itself. That seems unlikely to me. And if everything is not changed, then nothing will change. Modernizing the political line will not solve the problems. Even if they replace their secretary general, nothing will be solved. It is not a problem of personalities, let alone of a single leader.

One must keep in mind that the apparatus of PCF militants was built up at the time of the sectarian campaign for the presidential elections. Hence that apparatus is sitting on a narrow, sectarian line. And it is co-responsible with the leaders for everything that happens and that has anything to do with the political line. In order to change all of that one has to question oneself, rebuild structures, be prepared to start the discussion, to open the doors and all together to develop a political line. All together... In my opinion there is virtually no chance that anything like that will happen.

This can be seen by the way the PCF leaders keep control of the permanent apparatus in their own hands, the exempted of the party, who form a very effective instrument. Hence, I don't see why one should be optimistic about the PCF's opportunities for change. When one asks the question, has the point of no return been reached in the historical decline of the PCF? -- then I don't see many elements which would make it possible to say "no."

Sect

Question: But if those permanent members don't change policy, they will soon be facing mass unemployment. Or don't they know that?

Fiszbin: That doesn't happen all that quickly. And then, a sectarian line has its own logic, you see. And that is not announced as a suicide attempt either. And the prevailing opinion is the one defended by the leaders: that it is their support of the socialist government which is causing the decline of the party. This is why the active militants are convinced that it is better for the party to get out of the government. But this can only lead to a new substantial weakening of the party among the electorate and also among the party militants. Because even though one can always blame the current government for this or that, the majority of the PCF electorate knows very well that things would be much worse if the right came back into power. Hence, there are contradictory aspects of this, but for the militants, who are sectarian, such a position is self-generating. That is typical of a sect, isn't it, that you become your own reason for being.

And yet, that communist movement still remains anchored in the labor movement, and the threat of unemployment does not seem all that immediate, all that obvious to them. And then there is always the hope that they will regain some influence if they can set themselves up as the official defenders of the workers. But the party leadership is perfectly well aware of the fact that its presence in the government has been one of the key points of its power. The view of the militants is not necessarily exactly the same as the view of the leaders. And what do the leaders observe? A shrinking influence, a shrinking base in municipal councils and in parliament, a shrinking influence in the unions. And I believe that maintaining power in the party has become the essence of the concerns of the party leadership.

Question: If the decline of the PCF turns out to be long lasting, then the left will be without a majority.

Fiszbin: Then you have to ask the question, if that decline is final -- how will the regrouping of the left in France take place? I don't believe that society would be in eternal mourning about that. And I believe that forces of which the PCF is still an expression today will find a way to manifest themselves... In any case, this will have to be. I think that a regrouping of the labor movement in France is in order. And I would not dare assume either that the left is doomed if the PCF does not renew itself. That is a possibility, and therefore I don't find that decline positive at all. I have always wanted to prevent that decline. But that problem has not been solved yet, and we can still always hope that the workers and the French people will be smart enough to overcome the current situation.

8463

CSO: 3614/129



## PASOK ATTEMPTS TO ASCERTAIN FUTURE KARAMANLIS CANDIDACY

Athens I KATHIMERINI in Greek 29 Sep 84 p 1

/Text/ The government is finally openly admitting that the completion of the 4-year term of office depends directly and definitely on the presidential election next April, and specifically on Mr K. Karamanlis' decision as to whether or not he will renew his mandate. The above ensued from yesterday's dialogue between the government spokesman and political editors, coming as a follow-up to the day before yesterday's statement by the prime minister in which he did not exclude the possibility of the holding of parliamentary elections in the spring. The newest element from yesterday's question and answer session is Mr Maroudas' statement that the government believes that the present Chamber of Deputies can elect a president even in case Mr Karamanlis were not to accept being a candidate, a statement to which not much weight is being placed.

As is well-known, PASOK together with the KKE have a majority of 181 votes in the present Chamber of Deputies, surpassing by two votes the margin needed to elect a president. Nevertheless, Mr Papandreou has never in the past faced the possibility of supporting another candidate --other than Mr Karamanlis-- a fact that is attributed to two reasons. First of all, the prime minister has serious reasons to suspect getting the majority of 180 votes from his party and the KKE, and secondly, Mr Papandreou is making every sacrifice to avoid cooperation between PASOK and the KKE on a greater political issue, such as the election of a president, fearing that this action would cause his centrist voters to flee since it will prove, in view of the coming parliamentary elections, frontal cooperation with the KKE.

For these reasons yesterday's reference by Mr Maroudas to the government's "conviction" that the present Chamber of Deputies can elect somebody else --other than the present one-- president is considered as lacking political seriousness and constitutes another "sounding board" to find out ahead of time Mr Karamanlis' intentions.

5671

CSO: 3521/10



## ND ATTEMPTS TO ATTRACT CENTRIST DEPUTIES

Athens | KATHIMERINI in Greek 15 Sep 84 p 1

/Text/ The New Democracy Party has undertaken concerted efforts to attract new political forces now in the area of the Center in order to impress the electorate with the fact that it is the only political party which represents the Center today. This effort is planned and encouraged by the new ND Chairman K. Mitsotakis while party cadres have already started selective contacts or dialogues with a number of centrist politicians who at this moment are in essence unattached. A characteristic of this overall ND effort is, according to political observers, the interview I. Boutos gave 2 days ago to ANTI in which he goes beyond the Mitsotakis efforts and does not speak about "centrist openings" but essentially supports ND's transformation into a centrist party.

This approach was made easier by the attack Papandreou delivered in Salonica against the new ND chairman, an attack which displeased many centrist politicians. Indicatively, one is reminded of the remarks by Ar. Bouloukos and D. Khondrokoukis who condemned the premier's behavior in a way which absolutely justified the new chairman of the ND Party. On the other hand, Al. Baltatzis, the chairman of the Agrarian-Democratic Party, whose influence among the farmers is great, visited Mitsotakis and congratulated him on his election as ND chairman. According to a statement both issued, they exchanged views on the course of the country's political development.

Among the centrist deputies ND is approaching are As. Fotilas, Madame V. Tsouderou, G. Petsos and D. Khondrokoukis.

7520

CSO: 3521/357

## PASOK EXECUTIVE BUREAU MEMBERS MOVE TO LEFT

Athens 1 KATHIMERINI in Greek 14 Sep 84 p 1

/Text/ The government officials who have supported the hastening of the elections are resorting to the creation of a climate of "fluidity" through reports about a government reshuffling. This is the view of political observers who commented on the way the question of reshuffling was reported yesterday in the pro-government press. These views coincide with press reports according to which the "talk about reshuffling" has been created by top government officials in order to disorient the public following the government's phenomenal retreat on the question of elections.

The ministers and cadres who have supported the holding of early elections advanced the argument with the talk about reshuffling the government may somewhat tone down the problem of the electoral law, a problem which is developing at the most critical point of the government's friction with the communist parties. Moreover, the government spokesman yesterday avoided being entangled with the question of the electoral law and just referred to the statement the premier made during his interview at Iapilion that "the electoral law will be introduced to the current session of the Chamber of Deputies."

To another question that KKE insists on--PASOK's pre-election promise to implement the simple proportional system and ratify the last census of the legal population--the government spokesman said that "it is not the first time KKE expressed its view."

With regard to the reshuffling, the spokesman avoided making a definite denial and limited his remarks to saying that all press reports "are untrustworthy" and he had nothing more to say. He added that "he did not know if and when the reshuffling would take place."

Press reports state that the question of reshuffling has also become an issue of inter-governmental controversy in a continuation of the dispute about the question of elections. At Kastri /the premier's residence/ the view prevails that it is not possible to undergo today a broad reshuffling which would give a new character to the government by replacing key ministers. On the contrary, according to the same reports, recommendations are being considered for replacing ministers of secondary importance. Yet no definite

decision has been taken.

The political observers consider these reports rather as cultivating a climate of fluidity more than as an intention of small changes. The question of reshuffling presumes a change in the balance within the government of party tendencies, in the premier's personal environment, and of parliamentary changes which, it is believed, the premier is in no position to attempt today following the turmoil that was created by the unfortunate handling of the question of elections.

Typical of this situation is the fact that Interior Minister Ang. Koutsogiorgas, the chief of the Political Office A. Livanos, and the underminister of press favor the reshuffling while the members of the Executive Office are against it. From his side the Speaker of the Chamber of Deputies I. Alevras remains neutral on this issue and does not want to be involved, thus indirectly expressing his opposition.

The Executive Office members propose that instead of a reshuffling, the government accept positions more to the left thus forcing the communist parties to retreat and to stop their political animosity against the government. This view is mainly supported by those Executive Office members who press the premier to personally assume the turn to the left, thus adding greater prestige to it.

On the other hand, the old politicians who were against hastening the elections do not agree with the idea of reshuffling nor with the proposal that the government accept positions more to the left.

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CSO: 3521/357

## POSOK-KKE RELATIONS BECOMING AGGRAVATED

## Differing Views

Athens 1 KATHIMERINI in Greek 28 Sep 84 pp 1, 3

/Text/ Showing an increased sensitivity to KKE's criticism, the government yesterday hastened to give reassuring explanations, the gist of which is that no revision of the anti-Western policy it followed until now is expected. After the RIZOSPASTIS accusation that "nuclear exercises" were taking place in northern Greece, the government made a clearly apologetic statement revealing that Premier Papandreou sent a message to the American government that all nuclear arms will be removed from Greece regardless of the results of the discussions about establishing a "Balkan missile-free" zone.

Political observers pointed out that the impression that the anti-Western spirit is gradually increasing in the government policy is supported by the fact that the government spokesman--referring to another RIZOSPASTIS report--let it be understood that within a few days the date of Papandreou's visit to Poland will be fixed. At the same time the government yesterday made public the Foreign Ministry's statement of a few days ago concerning the progress of the Greek-American negotiations on the "108 agreements" and the Voice of America.

Commenting on the government policy in view of the American elections, political observers expressed their reluctance about the objectives of such a policy in view of the fact that Turkey--as evidenced by the statements of its foreign minister 2 days ago--hastened to exploit in its favor the displeasure the anti-Western policy the Greek government creates among the allies.

## The Answer to KKE

The government's apologetic explanations to KKE were the result of yesterday's main article in RIZOSPASTIS which "charged" that a nuclear exercise with the participation of Americans was taking place in the area of Kilgis and that the exercise's scenario is against the People's Republic of Bulgaria and provides for the launching of Honest John missiles. The report criticized the spirit of the exercise as coinciding with a period of "anti-communism", etc.

In response to the RIZOSPASTIS report the government spokesman stated the following:

"During the simple firing exercise which took place in northern Greece, no American military personnel participated, nor was it possible for them to participate since the exercise was national. During the exercise an Honest John missile was indeed fired. The missiles of this type can have conventional or a nuclear charge. In this particular exercise it was used with a conventional head as an inoperative missile.

"The presence of American missiles in Greece is based on the agreement with the National Radical Union Party /ERE/. This agreement, however, was never ratified by the Chamber of Deputies and therefore it is not valid as far as our government is concerned.

"The intention and objective of the government is to promote, within the framework of the Balkan cooperation, a Balkan area free of missiles and already the necessary procedures are being developed. Within this framework, the premier has notified the American side that, regardless of the developments in the Balkan area, he has decided to remove all nuclear arms located in our country. And this decision is irrevocable."

#### The Trip to Poland

RIZOSPASTIS also reported that the premier's trip to Poland has been scheduled for 15 October. Spokesman Maroudas repeated that "the exact date of the premier's visit has not yet been set," but added the "prediction" that it will take place soon.

#### The Voice of America

As concerns the progress of the Greek-American negotiations, Deputy Foreign Minister Rapsis made the following statement:

"At today's (yesterday's) meeting of the Mixed Committee, the Greek delegation renounced two more agreements concerning issues of cooperation between the two countries. Also:

"1. A statement was introduced to the effect that nine agreements which refer to questions related to the status of the American bases in Greece will cease to be in force when the new agreement is signed and, in any event, not later than 31 December 1984.

"2. As concerns the Voice of America, despite the fact that the old agreements do not fall even informally within the framework of the 1983 agreement for defensive and economic cooperation, an explanatory statement was made concerning the status under which the VOA stations operate. As is known, the 1962 basic agreement concerning the VOA was renounced in 1977 and ceased to be in force the following year. This denouncement included also the validity of all previous bilateral arrangements (12 in all). Since, however, the 1978 government agreed that the VOA stations should continue to operate without an agreement--a fact which is constitutionally unacceptable, the Greek



delegation pointed out that there exists an absolute legal gap as concerns the operation of these stations. The question will be settled with a possible new agreement."

Therefore, a total of 35 agreements (including the previous 33) which deal with defensive and economic cooperation issues were denounced; also 9 agreements which concern the legal status of the American forces in Greece and 13 VOA agreements were denounced. On the other hand, 5 other agreements are up for review, while 10 more agreements also remain to be reviewed. They all concern issues of defensive and economic cooperation and this paper has asked for the relevant opinion of the respective ministries.

It should be reminded that with the procedure being followed, some of the agreements are cancelled the moment the Greek delegation makes the relevant statement, while the cancellation of others is confirmed formally provided these agreements either ceased to be operative or because their earlier cancellation was not absolutely clear from a legal point of view.

#### No Anti-PASOK-KKE Policy

Athens | KATHIMERINI in Greek 27 Sep 84 p 5

/Text/ Speaking at the festival of his party's youth the KKE secretary general made an impression as he tried to restore the "distance" between the two parties (PASOK and KKE) as a result of the government handlings and omissions. The Florakis criticism was construed as a decision by KKE to delineate, from now on, its course from that of PASOK, which does not have many hopes of again forming a self-reliant government. The differences between the traditional Left and PASOK policies will deprive it of the votes the Left provided--votes which enabled PASOK to claim a significant number of "alien" deputies.

The dogmatic /Soviet oriented/ KKE will never adopt policy tactics which would result in PASOK's losing the possibility of forming a government even if this meant a sure increase of its voting strength. It would never follow such a policy because KKE's numerical strength is for the world policy of the socialist camp--as directed by Moscow--a duty of secondary importance. The primary thing is to maintain a government in power which will make Greece--a European country and NATO member--a source of problems for imperialism, proof of the increasing international influence of the socialist camp!

When all the speeches and writings of the dogmatic Greek communist followers begin and end with the slogan, "Against imperialism and monopolies," their self-restraint in avoiding any tactics which might undermine the responsibility to this duty is absolute and unshaken. And since PASOK's leadership is well aware of this, it "embarrasses" Florakis with the question: "What is that you want? Do you want us to leave so the New Democracy Party will assume power?" No affirmative answer can be given to this question because it covers exigencies much broader than those KKE has the right to assume.



This fact is of particular attention that the KKE criticism--and to a degree that of KKE-Interior--of the government policy is not directed against the specific economic and social consequences of such a policy. It is limited in pointing out its differences from what the Leninist "prescription provides for the establishment of a socialist society." The dogmatic KKE is not disturbed by the sagging Greek economy and the clouding of its prospects as a result of the present government policy and it is for this reason that it is not interested in proposing measures for reversing these developments. It is only disturbed because the Papandreou government does not implement--as it promised when it was the opposition party--measures of virtual divorce from the world system of monopolies by destroying the national structures which maintain its grip.

KKE, therefore, is not exercising anti-government policy for the sake of properly facing the internal problems of high priority; its criticism stems from its uneasiness lest the government policy, in view of the problems "imperialism" causes it, deviates from its socialist course. This means the government will also lose its determination "against the American imperialism and monopolies" and its importance as one of the most important "support points" of the socialist camp will fade away.

Yet, PASOK is compelled to be unfaithful to its pre-election socialist declarations because facts have proved its longevity is not threatened by the Florakis accusations but by the effort to "nationalize" the laws of the market--as they function today on a world scale--instead of eliminating their key points against the national economy. The electorate--the voter--formulates its electoral preference on the basis of the results of the government policy and not on any of the government's theoretical weaknesses or the responsibilities of such a policy...in the historic evolution.

If the KKE aggressiveness against the PASOK leadership reveals or creates deadlocks, it is KKE itself that suffers and not PASOK, which has the freedom--presumably--to abandon its third-road socialists and remain in power. KKE does not have the freedom to act against PASOK in order to have it lose its governing power by being succeeded by the Right. If such was the case, then even the Lenin prize could not have saved Florakis from being replaced as secretary general of the party.

The only and real threat against extending the power of the Papandreou movement is the creation of the conviction among the people that some others could manage the current economic and environmental problems which have become problems of every Greek family. The dogmatic KKE neither wants nor is it endowed--by history--to launch such a threat of such a great dimension. KKE simply exerts pressure on PASOK...

## Hardening Stance Seen

Athens TO VIMA in Greek 16 Sep 84 p 4

/Article by Giannis Roumbatis/

/Text/ PASOK and KKE seem to redirect their relations as the disputes between them entered a new phase--that of confrontation. Moreover, the differences which always existed are broadened "qualitatively and issue-wise."

The fuse for the most recent acute dispute between the two was the possibility of holding early elections without changing the electoral system. KKE has repeatedly asked inside and outside the Chamber of Deputies that a draft law be introduced providing for the simple proportional electoral system with broad constituencies. The government, through statements by Papandreou, has pledged to introduce the draft law "for a simple proportional system" in the last session of the Chamber of Deputies which expires in June 1985.

The possibility of early elections has been eliminated following the statement by the premier that they will take place in October 1985. But the PASOK-KKE public dispute is continuing, because KKE believes there is no reason preventing PASOK from introducing the draft law.

Speaking at the Greek Communist Youth Festival seminar on the simple proportional system and responding to the argument that the reinforced proportional one ensures government stability, KKE Parliamentary Group Secretary G. Stamatakis said that, "the question is to what course and to what interests ...the minority governments bring to the people a constant dissension. The more independent they are from the populist majority, the more dependent they are on the conservative forces."

Meletis Kaniaris, member of the KKE Central Committee, was more explicit last Wednesday. Speaking on the KKE position on the simple proportional, he said, "there is no doubt that the governing class is over-enthused by the fact that the government is abandoning the simple proportional system because it believes that in this way it will limit KKE's role in political life, will consolidate the two-party system of alternation, and will further create the preconditions for other solutions/interchanges in the political life contrary to Change."

But the electoral system is not the only point of confrontation between KKE and the government as concerns the elections. KKE's anxiety stems from the possibility of a clash between the two major parties during the next elections, a clash based not on the policy they follow but on the basis of "personal controversies." In such a case, the pre-election campaign would take place, according to KKE, in a climate of polarization which would not allow for the discussion "of the real problems of Change." For KKE, such a development "would lead to an acute situation which does not serve the people's interests."

In addition to the dispute concerning the elections, the KKE-PASOK confrontation concerns a number of other issues of domestic and foreign policy nature. Such issues are the government options in the economy, the income policy the government is following, the policy toward the problematic companies, the policy of suppression toward labor mobilizations, budget directions, and finally, the foreign policy of the government.

If the KKE criticism of the government continues with the same tension, then it is very probable that new public charges and counter charges will soon be made such as those concerning the "purchase of the century" /military aircraft/ and the handling of the Cyprus problem.

The most recent plenum of the KKE Central Committee pointed out that "the party will continue to define its position toward the government on the basis of the program for real changes and not on the particular successes or failures of government policy." The recent criticisms of the government by KKE lead to the question, if the latter believes the government's objectives can lead to the real change, the future course of PASOK-KKE relations will depend on the answer to this question. At any rate, if the recent developments in the relations between the two parties can be considered as a guide to the future, then their prospects appear ominous.

#### PASOK-KKE Break in GSEE

Athens ENA in Greek 13 Sep 84 p 12

/Text/ The PASOK-KKE cooperation in the Greek General Confederation of Labor /GSEE/ will enter perhaps a more delicate phase as of September following the formalization of the intentions of government circles to express doubts about the feasibility of such cooperation and their mobilization toward a PASOK independent presence and activity in the syndicalist area. This anticipated development will freeze only in the event the government puts into motion the procedures for early elections.

Political and syndicalist leaders believe these intentions are related to a general government trend for "more conservative" positions and solutions to the economic and social problems. They further believe the revision of PASOK's syndicalist policy is made easier by the tension that exists in the PASOK-KKE relations due to causes unrelated to labor issues, as for example, the purchase of the century, the original AKEL position on the Cyprus question, etc.

It is evident that any change in the correlation of the GSEE forces will constitute a government political choice and will undoubtedly influence the political developments because the PASOK-KKE rift in the syndicalist area will not be a separate action but part of an overall government policy.

According to the thinking of the government circles which fuel the "breaking up" of the cooperation with KKE in the syndicalist sector, the extension of the present GSEE structure "exposes" the government without at the same time guaranteeing it against mobilizations or even protests against its economic and social policy. On the basis of this thinking, the question of "the quality" of cooperation will be submitted in the near future to KKE, the main objective being to force it out of the GSEE administrative bodies. PASOK is certain that KKE is not about to accept its conditions such as the determination of a minimum program of positions and claims--a restriction not to KKE's interest--and the obligation to respect the GSEE decisions where, however, the Panhellenic Militant Workers Trade Union Movement /PASKE/ has a majority.

The "joint program" PASOK is promoting includes serious organizational and other problems of the syndicalist movement about which the two parties have different views (for example, organizational structure of the movement, economic independence, et al.). This difference in views renders the reaching of an agreement difficult, a fact which opens the way for an open "break" in the cooperation, the reasoning being that there is no margin for approach.

Already, in the PASOK government and party mechanism, a group has been established--of which the director general of the premier's political office is a member. This group represents a view against any cooperation with PASOK in the syndicalist sector, controls a significant number of the GSEE administrative members, and exerts pressure for the acceptance of its views and for winning to its side those members of the GSEE administration who up until now have supported the idea of cooperation with KKE and who are generally controlled by the PASOK Executive Office (Ravtopoulos, for example).

The activity for the "rift" with KKE has gained so much ground within the GSEE circles which are controlled by the government that GSEE cadres who are known for their views on bipartisan cooperation are seeking solutions and guidance in the event the "rift policy" materializes. In this respect, all the legal aspects related to the suspension of the PASOK-KKE cooperation are being studied as well as the methods such suspension will be achieved without creating questions of "existence" for GSEE's administration, whether, that is, the majority in GSEE (PASKE) has the right to initiate a procedure for restructuring the GSEE presidium and executive committee with the participation in them of representatives of the United Anti-dictatorial Labor Movement-Cooperating /ESAK-S/ (KKE) without jeopardizing the legality of the GSEE administration.

Formally, the restructure of the GSEE administration can be accomplished either by censuring the ESAK-S cadres or through their resignation. Yet both solutions presume a serious political decision by both parties which will also influence the overall developments. In any event, and despite its costly participation in the presidium and executive committee, KKE does not appear disposed to adopt such an initiative at this moment. Rather, it leans toward leaving to PASOK the responsibility for suspending the cooperation with it

in view, moreover, of the "frictions" which will arise as a result of the new income policy and the government's general hardening against the claims of the working people.

The whole activity against KKE is not unrelated to the dismissal of Law Lecturer and PASOK Executive Committee member A. Mitropoulos who was a special adviser to the Ministry of Labor. He represented the leftist trends in the ministry and so has provoked the wrath of the labor minister. His dismissal came right after the PASOK Central Committee meeting during which he strongly criticized the "right" directions of the government and the role played by the Kastro family and environment. Therefore, the dismissal cannot be considered as simply symptomatic just as the fact is not symptomatic that the Mitropoulos dismissal coincides with the intra-governmental and intra-party tendency to suspend the syndicalist cooperation with KKE.

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CSO: 3521/6



## AIMS OF LATEST GOVERNMENT RESHUFFLE BEING DISCUSSED

## Crete Over-Represented

Athens 1 KATHIMERINI in Greek 21 Sep 84 pp 1, 3

/Excerpts/ Yesterday the government completed its fourth reshuffle which it characterized as "a re-alignment of forces for completing the task of the first 4-year term and of the great institutional changes." But the major opposition called it "a reshuffling of desperation." As a result of the reshuffle, two ministers (And. Tritsis and V. Kedikoglou) and one deputy minister (Il. Katrivanos) left the government and three new persons were appointed to their positions while intra-governmental changes were also made (mutual transfers, etc.).

The main characteristic of the reshuffle to which the ND comments also indirectly referred is the over representation of Crete in the ministerial council in which "this sensitive area" is represented by four deputies. Political observers consider this "upgrading" of Crete as a governmental diversionary attempt on the election of Kon. Mitsotakis /a Cretan/ to the ND leadership--an attempt which, however, may have reactions different than those the government expects among the Cretans who have real proof that, in view of the coming elections, the premier has just discovered the qualifications of their deputies.

The premier himself, moreover, in his statement yesterday avoided repeating his old position that "no one's position in the government is taken for granted" and, on the contrary, sang the praises of the dismissed ministers for the work they performed--a fact which makes the reshuffle more incomprehensible since it always takes place when there is lack of progress and coordination.

With the exception of the upgrading of Crete, however, the political observers agreed that the government undertook the reshuffling because there was nothing else it could do at this moment. Yesterday's "news" (surprise) of the day was that...Lianis was not finally dismissed as minister of research and technology.

On the other hand, serving the election expedencies is evident. With the reshuffling, two sectors which are exceptionally sensitive during an election

"are frozen" in the first phase of the campaign and, in more general terms, they change political character. We refer to the sectors of commerce and housing. In the first, the dialogue between the minister of commerce and the entrepreneurial world became impossible some time ago. By placing Akritidis in the Ministry of Commerce the government believes it will gain some margin of time not so much because of his negotiative abilities but by the very change of the person.

In the housing sector, on the other hand, leading government cadres believed Tritsis' policy would raise a general outcry. Therefore, time credit as well as an amelioration of a "missionary" mentality are the reasons for the replacement of Tritsis by E. Kouloumbis.

The other re-alignments/transfers are attributed rather to the refusal of PASOK deputies to fill empty ministerial seats. The most impressive of these transfers is that of Tzokhatzopoulos from the Ministry of Public Works. His new position (minister to the premier) is interpreted as weakening rather than strengthening his position /in the government/.

#### The Premier's Statement

The text of the statement the premier made is as follows:

"With the start, almost, of the last year of the 4-year term of the country's governing by PASOK, the government has undertaken a partial re-alignment of its forces. PASOK does not have cadres of first and second choice, does not have clans of the old-party type. There exist only fighters for democracy and socialism who are honored to enter the arena of the people's struggle for a better struggle.

"From the post he is assigned each PASOK cadre serves responsibly the great cause of our national independence and of the socialist change. For this reason the present reshuffling does not mean disapproval of any government cadre. Those dismissed and those transferred are worthy of the people and of the great PASOK movement. They did the best they could and they responded deservingly to the task to which they were assigned.

"The change of the guard aims at maximizing the effort for completing the task of the first 4-year term and of the great institutional changes for which the approval of the people will be asked in the October 1985 elections."

#### The Government Spokesman

Government spokesman Dim. Maroudas announced the fourth government reshuffling to the press yesterday at 1830 hours. Concerning the new jurisdiction of Tzokhatzopoulos he said:

"Tzokhatzopoulos will assist the premier in coordinating the government policy between the ministries on issues determined by the premier. The jurisdictions of other ministries, as such jurisdictions are defined by law, are not affected..."

Question: Will the Tzokhatzopoulos responsibilities be fixed once and for all or will they be determined case by case?

Answer: Case by case.

Question: What necessitated the creation of this post?

Answer: Operational necessities...

Question: Is not this role usually played by the ministry to the premier?

Answer: Of course. It does not lose its role.

Question: Why was it deemed necessary to assign to Gennimatas the Ministry of Social Services besides the Ministry of Health and Welfare?

Answer: The sector is unified...

Question: Will there follow changes, transfers of ministry secretaries general, administrative organizations, etc.?

Answer: I don't know.

Question: Will Tzokhatzopoulos represent the premier in the Chamber of Deputies?

Answer: PASOK has a parliamentary spokesman. He is Koutsogeorgas.

Question: Will the Ministries of Health and Social Welfare be merged?

Answer: At the present phase Gennimatas will head both ministries just as Arsenis heads the Ministries of National Defense and Finance.

#### Tzokhatzopoulos' Position

Athens | KATHIMERINI in Greek 23-24 Sep 84 p 8

/Excerpts/ The insignificant, useless and timid reshuffling. From 52 ministers and vice ministers, of whom at least 40 are failures and acknowledged incompetents, each having wasted in his post whatever money he was able to get from the public treasury for party purposes, Papandreou selected two unlucky ones who, as it often happens in our country, pay for the rest.

A poor and unorganized country, Greece has fundamental shortcomings even in the area of justice. We do not catch up with things, we cannot, do not have the capacity to impose sanctions on all the sinners. And we resort to the drawing of unlucky "lottery tickets"--we have repeated this many times--which captures one tax evader and leaves 1,000 others alone.

Tritsis is unlucky. He said a lot, he had, like a modern Don Quixote, threatened the "nefos" /cloud over Athens/, he had ventured delays, he had planned future changes for Athens which scared everyone, he had--to give the benefit due him--real and sincere interest in subjects of his jurisdiction.

We shall say nothing about Kedikoglou whose fall was justified, and who was the victim of the housewife's breadbasket. We shall speak about the most important person of the day--about Akis Tzokhatzopoulos. At this point, I shall quote some one who knows him well:

"Akis is a man of Andreas. This is his main and only talent and this is more important than many believe. He is not very smart, nor capable or industrious. But he is there...Whether it is abroad or at Kastri or at any other post Andreas has chosen, Akis is there...available, faithful, willing. He does not hold discussions, does not criticize, avoids humor, does not risk any of his own theories.

"Whatever Andreas wants Akis does it. He is at his side like a faithful--and beautiful--dog who does not ask, at least for the moment, for the affection and trust of his master. And he has them. Andreas Papandreou feels that no one is nearer to him than Akis Tzokhatzopoulos. Whether this spiritual relation will be useful or not to the young man--he is 45 years old now--only the future will show..."

#### Economic Aims

Athens | KATHIMERINI in Greek 22 Sep 84 p 7

/Article by N. Nikolaou: "The Reshuffling Aims at Placating the Entrepreneurial World"/

/Excerpts/ Even though the reshuffle did not affect the top of the government economic staff it does not, however, lack importance because of the delicate relations between the government and the entrepreneurial world. The fact that the three ministers who were dismissed were among those who had sharp clashes with private industry is indeed an important indication that the government will try, in the remaining year of its term, to act with greater prudence.

This impression is, moreover, in agreement with the overall direction now taking place at the top of the government which, following more sober evaluations, begins to realize that if it wants to face the 1985 elections with serious hopes, it must show some progress in the economic sector. But such a premise pre-assumes the creation of a climate of cooperation with the productive classes so that the productive activity would not fall to low levels which would render the unemployment problem explosive.

It is evident that in such an orientation, persons who had declared a merciless war against private initiative on which they piled all the problems, could

not themselves solve the problems, nor continue to head their ministries. And it would be plain suicide if the government follows the way of those who were dismissed.

Perhaps they are not far from reality those who foresee that slowly but steadily a new period may start in the relations between the government and the productive classes. Such relations can start by gradually eliminating the issues which created frictions and will have as their aim the formulation of a healthy and competitive market--a market which is the only guarantee for the protection of the consumer.

At any rate, what is certain is that for the rest of the period of this term until the elections the government will avoid provoking the entrepreneurial world with arguments of the "Khalyvourgiki" type.

A climate of improvement can be achieved in another sector also. This is the problematic enterprises' sector where Arsenis, after 2 years of bitter experience, finally realized that the state cannot substitute the banking system. There is hope that some enterprises, which otherwise would have been seized by the "green guards" /fanatic PASOK followers/ and rendered virtually bankrupt, can now be saved.

Yesterday, the famous Benetatos left the Organization for the Reconstruction of Enterprises, carrying with him the laurels of the enterprises he cleansed! He assumed the responsibility for enterprises which were making profits and now leaves them with deficits of billions. He is being succeeded by Manganiyas who may be able to cooperate better with the Ministry of National Economy.

7520

CSO: 3521/1



## DIFFICULTIES IN RELATIONS WITH ANGOLA ANALYZED

## Dos Santos Visits Europe

Lisbon EXPRESSO in Portuguese 15 Sep 84 p 3

[Article by Jose Paulo Fafe, Ana Navarro Pedro, Iza Salles Freaza and Jose Alves: "Europe Cool Toward Eduardo Dos Santos"]

[Excerpts] The excursion made this week by Angolan President Jose Eduardo dos Santos to several European capitals (Paris, Rome and Madrid) did not achieve the results which the government in Luanda initially wanted, because of the notable mistrust with which the Western governments view the regime in Angola and the political-military situation existing there.

This tour also was designed, according to diplomatic circles, to "issue a warning to Portugal as to the priority Angola might give relations with other European countries."

Meanwhile, innumerable speculations surrounded the visit paid by the Angolan leader to Madrid, in particular concerning the possibility of the transfer of the Angolan embassy in Lisbon to the Spanish capital. However, Spanish diplomats were extremely cautious and even skeptical about this: "The Angolan leaders are not forgetting the importance of good relations with Portugal, above all in the medium and long range, and they cannot run the risk of compromising them with the closing of the office representation there on a matter of pride or simple temporary differences."

A few days earlier, the Angolan ambassador in Paris, Luis de Almeida, regarded as a loyal supporter of Paulo Jorge, the minister of foreign affairs in the Luanda government, told EXPRESSO: "We do not confuse the Portuguese people with the present government, but we regard the attitude of Mario Soares as unjust, and this, together with the articles which have been carried in the Portuguese press, leads us at this time to turn to France, Italy and Spain." But, he was to stress, "we still have some friends in Portugal."

## Strengthened Economic Aid

The question of oil exploration and the possible purchase by Angola of Gazelle and Ecureuil helicopters were the main points taken up by the delegation during its stay in Paris.

It will be remembered that about two-thirds of the exports of France to Angola are accounted for by oil industry equipment, while the balance is equipment for agriculture, transportation and dams.

The majority of the observers believe that Jose Eduardo dos Santos was "disappointed" by Francois Mitterrand's refusal to provide the Ecureuil military helicopters to Angola, since he would agree only to provide some equipment for purely civilian use. The reasons given by these same observers for the position adopted by the French president have to do with the unwillingness of France to provide war materiel which could be used by Luanda against the UNITA [National Union for the Total Independence of Angola].

During his 2-day stay in Rome, Jose Eduardo dos Santos asked for "a greater effort toward peace in southern Africa and more substantial aid" from Bettino Craxi's government.

Although from the point of view of economic cooperation, Italian-Angolan relations have seen a great advance in recent years (last December, the government of Eduardo dos Santos received a "package" of \$165 million from the Italians for economic reconstruction), the newspaper LA REPUBBLICA reported that the Angolan president "asked the Italians for more economic aid because of the pressure exerted by the war devouring all the resources of the country." Again according to that daily newspaper, "only a few weeks ago, the Angolans obtained from the Soviets, but not without effort, agreement to rescheduling of their debt of a billion dollars, \$600 million of this total being accounted for by weapons."

The way in which preparations were made for the Angolan president's visit to Spain is regarded as "rather forced." In fact, it was only at the insistence of the Angolan authorities that Jose Eduardo dos Santos must visit Madrid officially that the Spanish government agreed to this demand. During his stay in the Spanish capital, the head of the Angolan state did not meet with his counterpart, King Juan Carlos (who had commitments made earlier) and he stayed in a hotel in Madrid and not, as is usual, during visits by chiefs of state, at the Palacio del Prado.

Spanish observers interpret the relative lack of emphasis on the official visit as a reflection of the desire of the government of Felipe Gonzalez to "avoid making much of it," in view of the status of relations between Portugal and Angola, or in other words, as a gesture of friendship and understanding on the part of the Spanish prime minister toward Mario Soares.

#### Portugal Criticized

Lisbon DIARIO DE NOTICIAS in Portuguese 16 Sep 84 p 2

[Text] Luanda's verbal violence concerning Lisbon has in recent days been shriller in tone. And the authorized spokesman is President Jose Eduardo dos Santos, who chose the European capital cities he visited this week for his public criticism of the Portuguese government.

It is at least curious that the Angolan chief of state should choose Paris, where there is a semi-official office representing the UNITA, to charge that Lisbon has given refuge to members of that movement. Or perhaps not, if we recall the volume of funds disbursed by France on cooperation programs with the former Portuguese colonies.

The impression which remains, apart from the notable moderation with which Lisbon responded to the criticism, is that qualitative changes with regard to the problem are unlikely while the factors in domestic instability affecting the political regime in Luanda remain.

#### Solution to Crisis Urgent

Lisbon DIARIO DE LISBOA in Portuguese 14 Sep 84 p 3

[Excerpts] Various explanations could be put forth, but the most basic good sense, a quality not to be ignored in politics and for politicians, dictates that we regard it as a failure, or even a defeat, that President of the People's Republic of Angola Jose Eduardo dos Santos visited Madrid, but did not, prior to returning to Luanda, although he had not begun his tour of European countries from Portugal, make a stop in Lisbon en route home for a friendly word with us.

Worse still, in speaking to newsmen in Rome, the Angolan chief of state said that he will not visit Portugal again until our countries undertake a dialogue on cooperation characterized by "mutual respect, equality and reciprocal advantages."

Is he right? We will not embark upon an idle discussion. Facts are facts and the feelings of Jose Eduardo dos Santos, the political man, have created a political situation. The relationship between Portugal and Angola has at present reached a low point. It is in crisis. The establishment of responsibility? We will not shirk this task, but what is most important is to rise above the crisis situation.

In Madrid, with the spectacular brilliance of the visit dimmed by the absence of the king, the political and economic repercussions will show us in unmistakable fashion that something is wrong in our relations with the People's Republic of Angola. President Jose Eduardo dos Santos will have talks with the prime minister of Spain, Felipe Gonzalez, who is also the national leader of the Spanish Socialist Workers Party. The "Marxism-Leninism" of the MPLA [Popular Movement for the Liberation of Angola]-Labor Party is no hindrance to the Madrid dialogue. Simultaneously, the foreign ministers of Angola and Spain, Paulo Jorge and Fernando Moran, respectively, will negotiate and exchange information. Angola wants to know from Spain how the negotiations pertaining to the expansion of the EEC are going. Fishing and oil will be key points in the negotiations. An effort will be made to develop closer diplomatic relations between the two countries.

The visit to Madrid is no accident, even as a demonstration of distance from Portugal. It represents that, without a doubt, but that is not all Angola

wants to show. The visit to Madrid is part of a strategy and is oriented toward a certain projection in South America for Angola, in the sponsoring shadow of Spain.

This is occurring when a lag appears to have occurred in Brazil's interest in Angola, and it cannot fail to reflect a desire for a more open approach and the intention to maintain diversified economic (and political) relations. The visit by President Jose Eduardo dos Santos to three Western European countries--France, Italy and Spain--reflects this intention, and is a demonstration of this political desire on the highest level.

And Portugal was excluded from the itinerary of the president with a clear political intent. On the one hand, the Angolans want to show that they have access to European countries, our neighbors or allies, and to the socialist government leaders in these countries, without need for the Portuguese "intermediary" (and the Portuguese section of the Socialist International). On the other hand, the Angolan diplomats very likely want to issue a solemn warning to our government leaders.

This has been done. It would be regrettable and hardly intelligent if we were to regard this unfriendly gesture as just that, without flexibility and regard for where the national interests lie. Our state policy requires--and that is the word--that we correct our relations with the People's Republic of Angola.

It is necessary, insofar as possible, to reestablish fraternity.

This crisis must be overcome.

The national interests--in both Portugal and Angola--require that we take steps on all levels to build relations of confidence, cooperation, mutual interest, solidarity and fraternity, without delay.

5157

CSO: 3542/139

## PSOE'S GALICIAN BRANCH GEARS UP FOR CONGRESS

Madrid ABC in Spanish 14 Sep 84 p 24

[Article by Alfonso Cabaleiro]

[Text] Santiago de Compostela--Galicia will be represented in the Federal Congress of the PSOE [Spanish Socialist Workers Party] by 34 delegates, who will be elected in the second phase of the regional assemblies which will be held in November. At present the first phase sessions are going on, discussing and approving topics for the above-mentioned congress. The Galicia PSOE will also hold its own congress in Orense, on 11, 12 and 13 January 1985. It will be attended by 400 delegates who will be elected in the local assemblies, also in November, after debates and approval of reports.

The Galicia PSOE at present contains 280 local and 29 regional groups. It has 7,158 members, with 58 mayors, 925 councillors, 30 provincial deputies, 16 deputies in the Galician Parliament, 1 senator for the autonomous community, 9 deputies in the Nation's Parliament, and 5 senators. Recently various publications have spread reports of the existence of divisions within the party. These were denied by Antonio Rodriguez, its secretary general, a man who perhaps lacks charisma and political influence, but who possesses a great capacity for work, which is directed toward consolidation of the party.

In view of the upcoming Federal Congress, the PSOE is now--until 15 September--debating its proposals. It can already be predicted that it will give majority support to the official report in which the party is defined as an engine for the transformation of society and as a modernizing force for the structure of Spain. As regards NATO, everything indicates that the Galicia PSOE will support the current "status quo," "so as not to upset international equilibrium," according to Antonio Rodriguez. The only differences could arise in the debates on the status of the autonomies. In this regard, the secretary general of the Galicia PSOE declared that the official report which refers to consolidation of the autonomous system within the constitution appears to be a good one; but it ought to go more deeply into the



concept of solidarity, and into the redistribution of the wealth of economic resources, so as to achieve greater equilibrium of the autonomies and more well-being for society.

Antonio Rodriguez defines the relations of the PSG [Galicia Socialist Party] with the leadership as "flexible, cordial, and without any irreconcilable disputes."

He does not make the same assessment when he gives his opinion on the progress of Galician autonomy and the role of the AP [Popular Alliance] Board: "They do not even have a political model for the State of Galicia, and they are carrying out a zigzag policy--with some 'abertzale' [patriotic] proposals, as on the subject of the reform of the financial quota, and other conservative ones, as on the issue of reform of the constitution; they do not have any local programs for Galicia, and they have limited themselves to covering the general program [organigrama] of the previous administration with men from their party. Furthermore, they have continuing internal problems--including within the government--which they never explain." He also speaks with a certain harshness when he refers to the relations or of the Junta with his party: "There are no relations, because the Junta does not want to share responsibility either with political forces or the people in the work of constructing Galicia. They rule out institutional contacts with the parties, and they do not take into account the existence of an opposition, something which we have learned how to do in Madrid."

Antonio Rodriguez speaks of "restrained optimism" when he refers to how he views the upcoming Galician autonomous elections, saying that "we are the foremost municipal force in Galicia, with good management in all our town councils, and all the more if it is compared with the work of the Galicia Government. Moreover, our party is already solidly entrenched, and has grown substantially in the last 2 years, during which time, for example, the membership has doubled. And there is a fundamental reason for this: Galicia needs a change, the coming to power of a moderate Left."

When asked about divisions within the party, Rodriguez speaks of a "campaign carried out by the Right," and he adds that "the time during which I have been secretary general has produced the greatest stability and productivity within the party." Those divisions have their origin in the possible rise to power of Ceferino Diaz, current party parliamentary spokesman, and in the accusations against Antonio Rodriguez that he is "not nationalist enough." He denies both things. "The party is united, and it is strange that in the past I was called very nationalist, and now they say the opposite. I have not changed my way of thinking."

8131

CSO: 3548/347

## COMMENT CRITICAL OF PARLIAMENTARY TORPOR

Madrid DIARIO 16 in Spanish 14 Sep 84 p 8

[Text] For very diverse reasons, democracy in Spain recently has not been revolving around Parliament, and this is one of the factors which are causing confusion and uncertainty in politics these days. With an unmistakable result: weakness and lack of vitality on the part of the system and its agents in solving the most pressing problems of Spanish society.

The offer of the government to negotiate with the ETA [Basque Fatherland and Liberty Group] terrorist organization, the social pact, the negotiations with the EEC, the NATO arguments over the decision of the government on whether or not to remain in the Atlantic Organization, the pressures on a Spanish fisherman to surrender to the Moroccan authorities, are only some of the topics of indisputable importance which prevail in the streets, in political activity and in the communications media, but which awaken no response in the main forum of the system: the Parliament.

Quite the contrary--Congress and Senate, in keeping with the absolute majority which the Socialist Party possesses, are chambers which limit themselves to approving the laws which emanate from the government. There is a conspicuous absence of debate on the burning questions of the day. Some politicians are attributing this torpor to the summer season we are passing through; but there is no doubt that the opposition at least, because of its responsibility for acting as a check on the executive branch, has had clear opportunities to introduce emergency debates, in line with the importance of certain subjects, among which we should remember the serious conflicts over the autonomies which have arisen with the authorities in Catalonia and the Basque Country, or cases like the so-called "war of the flags" caused by Herri Batasuna [Popular Unity].

When he introduced the transition, Adolfo Suarez coined the phrase "We are going to bring to politics what is normal in the streets." Now we could point out the need to bring what is in the streets to Parliament.

Both the government and the political parties have the responsibility to revitalize Parliament as a forum for debate, not on questions which are far-removed in time and opportunity, but on the subjects of great interest which happen day by day, and which are affecting the citizens in one way or another.

Blaming the lack of dynamism, topicality and liveliness in the chamber on the complicated regulations of Parliament or on technical matters involves a refusal to accept the lofty political responsibility of serving society, which is its prime objective.

The offices of the Moncloa have calculated that during the months prior to the August vacations Prime Minister Gonzalez held interviews and press conferences on an average of one every 3 days. Quite the contrary: Prime Minister Gonzalez has distinguished himself by his lack of participation in the debates.

The leader of the conservative opposition, Manuel Fraga, is in the habit of showing his importance by getting the head of the executive branch to speak in the lower chamber, but he cannot hide the fact that his strategy also has been one of avoiding major confrontations, so as to erase the image of aggressiveness which has dominated his political presence.

The speeches of the ministers have a character which is more technical than political, for the simple reason that the present government is a presidentialist one, where the whole weight of power is concentrated in the person of Felipe Gonzalez. There was a case when the minister of foreign affairs, Fernando Moran, came to inform the chamber about a meeting between the head of the government and a foreign dignitary in which he had not participated, while Felipe Gonzalez was listening to the explanation from his seat.

The expectations of Parliament have thus been centered around various specially prepared debates, as when the head of the government presents his annual report on the state of the nation, which this time has been anticipated for within a month. These debates, because of their essential nature, approach the topics from formal planned positions, and do not treat matters in depth because of lack of time, and because behind the speeches they are seeking to produce effective images for public opinion. It is not a true case of an in-depth dialectic debate, about providing checks on and information about the executive branch, where the government gives a detailed accounting and assumes the consequences of its errors.

One of the most noteworthy news items in recent months regarding parliamentary activities concerned the budget, which amounts to 7.55 billion pesetas for 1985, one of the lowest among the European democracies. Despite this, circles of the extreme Right have said that this is squandering the resources of the system.

8131

CSO: 3548/347

## CHIEF JURIST SAINZ DE ROBLES RAPS JUDICIAL REFORM

Madrid EL ALCAZAR in Spanish 20 Sep 84 p 9

[Article by Juan Zabala]

[Text] At the solemn opening ceremony of the 1984-85 judicial year, presided over by the king, the state's attorney general, Luis Antonio Buron Barba, highlighted how worried the Spanish people are about the large number of crimes that are committed with impunity, and the chairman of the General Council of the Judiciary, Federico Sainz de Robles, delivered a speech harshly criticizing the judicial reform that the Socialists are seeking, pointing out, furthermore, that the bill reflects no desire to modernize the justice system.

After holy mass was celebrated, the ceremony took place in the assembly hall of the Court Building; in attendance were Minister Fernando Ledesma, the full Supreme Court and the magistrates of the courts headquartered in Madrid.

After thanking the king and the various prominent figures for attending, the attorney general read a terse summary of the ideas set forth in the recently submitted annual report on the administration of justice.

Referring to the alarming rise in crime during the most recent judicial year but without citing figures because the mass media had already reported them, Buron Barba indicated that the Spanish people were deeply concerned about how many crimes are gotten away with, noting that even though statistics do not include such crimes, they are crimes nonetheless. This disparity between crime and punishment "causes us to become used to living with unpunished crimes."

Without reiterating the fact that punishment is meted out in only 1 of 7 cases, that 75 percent of criminal cases do not come to trial, that trial courts handed down 57,115 sentences during the recent year, he reminded the audience that no fewer than 1,476 cases were not prosecuted because of the defendants' failure to appear.

In the words of the attorney general, the scant number of cases in which punishments are handed down is leading to a fragmentation of

justice. "We must see to it that the follow-ups are more thorough and provide for all punishments. All cases must be handled properly to their conclusion, even if some are shown to be superfluous."

#### Unreported Crime

He went on to say that the Justice Ministry is particularly concerned about the crimes that are never brought before the courts, the hidden crimes that are barely reflected in verifiable statistics. Since citizens are not accustomed to reporting crime, they tend to abandon suits. Very few such cases can move forward because guilt cannot be established. Buron Barba concluded by stating that although there was a rise in crime last year, the exact percentage cannot be determined because the records are kept in 5-year periods; the 23.45 percent is much too high, but it is not a definitive figure.

#### Justice Reform

The chairman of the General Council of the Judiciary, Federico Sainz de Robles, then delivered a lengthy speech entitled "The Model of Judge in the Constitution." He devoted much of it to underscoring his disagreements with the Judiciary organization bill that the Justice Ministry drafted.

Sainz de Robles said that the existence of a Constitutional Tribunal "obscures and somewhat overshadows the obvious fact that judges are the irreplaceable and direct joint guardians of the constitution."

As for the Judiciary organization bill, the chief justice indicated that in his opinion it entrusts "the modest reform of justice it advocates more to the judges than to the rules of court"; therefore, the thread running through it is that there ought to be more judges.

Sainz de Robles voiced his fear that the bill "is not as responsive as it should be" to issues such as the type or model of judge needed to administer justice, because it merely maintains the system of competitive examinations, says nothing about their content and affords direct access to prestigious jurists with 10 years of professional practice. "It seems," he added, "as if the bill were more concerned about bringing in prestigious jurists than about organizing the best possible selection of judges, and this is disquieting."

"It is based on an assertion that is actually uncertain: that more judges are needed," he went on to say, "and it ignores this fact: that we need better judges or, if you wish, judges who are selected and trained to administer justice as the constitution stipulates."

"The bill that is to be sent to the Cortes after its approval by the Council of Ministers last 1 August, reflects no desire or intention to modernize the justice system," Sainz de Robles indicated.



In conclusion, the council chairman pointed out that his message could never be one of despair. "This is not a battle, this is not a struggle to occupy areas of power," he said. "It is a rivalry of growth and accumulation in which there are neither winners nor losers, because if there were, Spain would be the loser."

After the secretary read the statistical charts, the king declared the 1984-85 judicial year in session.

8743

CSO: 3548/2

## GONZALEZ, FRAGA SQUARE OFF IN PARLIAMENTARY WAR OF WORDS

Madrid YA in Spanish 20 Sep 84 p 7

[Article by Julio Fernandez]

[Text] Opposition leader Manuel Fraga and Prime Minister Felipe Gonzalez squared off yesterday with harsh arguments before the Congress of Deputies in what turned into a preview of the debate on the state of the nation. Fraga charged that the administration had kept neither its campaign promises nor its pledges of a year ago, and Felipe Gonzalez replied by shifting responsibility for the economic crisis to the Right.

Madrid--Fraga accused the administration of "clearly deceiving the citizenry" with regard to the creation of jobs, the furtherance of freedoms, personal security and autonomy policy, and he concluded by calling on the Spanish people to rally "around God and country," as the Americans who support Ronald Reagan have done.

Felipe Gonzalez responded aggressively, expressing doubts about the advisability of mixing religion and politics and stating that Fraga had been contaminated by the religious fundamentalism of the Middle Eastern countries. The prime minister said that previous rightwing governments were responsible for the rise in crime and the economic crisis and spoke out against those who "talk about spirit and homeland while feeling around for their wallets and, when things get bad, taking their money out of the country."

The spokesman of the Catalan minority, Miguel Roca, scored the war of facile words between Fraga and Felipe Gonzalez on spiritualism and materialism, which "I do not wish to taint," he asserted sarcastically, "with the everyday matters that are of concern to people." Roca blamed this short, heated debate on the fact that the general debate on the state of the nation had been postponed to 23 October, and he announced that he would bring up the autonomy problems when the discussion takes place, notwithstanding the debate on this specific issue that the Senate will hold in November.

In the heat of the debate the president of Congress, Gregorio Peces Barba, mistakenly gave the floor to former Prime Minister Leopoldo Calvo-Sotelo, who was leaving the hall after the addresses by Fraga and Felipe Gonzalez. The representative of the centrist group, Luis Ortiz, said he would support any motion that furnished evidence that the administration had failed to comply with the resolutions that Congress passed last year.

#### Fraga's Charges

The opposition leader began by saying that a debate on the government's failure to comply with the resolutions passed last year during discussion of the state of the nation had been called so close to the same debate this year because the administration had postponed it last June.

Fraga pointed out that the rate of increase in unemployment had risen sixfold in 1983 and threefold during the first few months of this year, and he accused the administration of not meeting its obligations and of making absolutely no headway in boosting job-creating investment. He indicated that the feeling of insecurity had spread to almost all spheres of national life and he underscored the overall setbacks for freedom entailed, in his view, in the Socialist government's laws on education and union regulation, the absence of serious responses to the opposition's charges of telephone bugging and the AP [Popular Alliance] group's objections to the government television monopoly's approach to freedom. "Regardless of the issue involved," Fraga asserted, "we are not proceeding in accordance with either the spirit or the letter of the constitution."

Lastly, he criticized the fact that no progress at all had been made in developing the autonomies, while dangerous backsliding was going on on two fronts: the recent serious events and statements jeopardizing strong national unity, which the administration has not responded duly to, he said, and the delays and failures in transferences to the autonomous communities by an administration that is practicing "a hackneyed centralism."

His conclusion was that the failure to comply with the resolutions passed a year ago bespeaks the government's intentions, and he asserted that it cannot get away with breaking its promises a third time after its statements of purpose in general speeches (at the inauguration and during the debate on the state of the nation). "Let no one believe that a country can be kept deceived, even if it is anesthetized by the television monopoly," Fraga said.

#### Felipe Gonzalez's Rejoinder

Felipe Gonzalez expressed annoyance at the statement that he was trying to fool someone and at the attempt to give him lessons on the subject of freedom, because "one has a quite clean record," he asserted.

The prime minister underscored the need to sustain the progress achieved in the economy, and as for what remains to be accomplished, he cited the example of the Social Security reform, which will be done efficiently, adding that its postponement cannot be attributed either to this or to the previous administration but instead to a complete lack of foresight in the past.

The prime minister emphasized that his administration had had to rectify the inflexibility in hiring that a rightwing administration had introduced, he said, and he hailed the efforts that have been made to cut business costs and thus generate jobs. This is being accomplished, he asserted, thanks to the major restraint that union federations are showing in wage demands and to the recent downturn in interest rates. The signing of the economic and social pact could raise confidence further, the prime minister said, and help to create jobs.

He said that he was proud of the strengthening of freedoms in the constitution and rebutted Fraga's interpretation of the report that the state attorney general submitted yesterday, inasmuch as in his opinion the almost 26 percent rise in actions against crime had been anticipated since 1980, on the basis of the trend in the previous 5-year period.

Nevertheless, Felipe Gonzalez acknowledged the serious increase in crime, saying that attempts are being made to halt it by improving the police, the administration of justice and the prison system.

Since the Socialist government was formed, the home rule picture has been rounded out, Felipe Gonzalez said, and more transfers have been made than under all previous governments; at the same time, there has been the smallest number of conflicts with the autonomous communities. This does not mean, the prime minister said, that we do not understand the inclination to blame the national government for every difference of opinion that arises, nor that the government is going to give in to every pressure to depart from the framework of the constitution, nor that we have an obligation to reply to those who are calling for a change in the constitution, because they are entitled to do so, though having the votes to make the change is another matter.

In his reply Fraga accused Gonzalez of resorting to platitudes and of dividing up responsibilities that are his alone. He asserted that the peseta was in very bad shape and that this was the reason why exports were doing so well. He concluded by saying that confidence "means spirit, hope for the future, not materialism."

To close the debate, the prime minister emphasized that Fraga must have been misinformed because the peseta had gone up with respect to the other European currencies, adding that even if the assertion were true, it should not be made.

## PARTY POLITICS SEEN RETARDING COHERENT LOCAL GOVERNMENT

Madrid YA in Spanish 10 Sep 84 p 5

[Editorial: "The Need for Consensus in the Local Autonomies"]

[Text] The news has scarcely broken and yet it has already had major ramifications for the organization of our State of autonomies. We are talking about the shattering of the consensus between the PSOE [Spanish Socialist Workers Party] and the Popular (AP) group in drafting the local government bill in Parliament. This is the law that will establish the provincial and municipal autonomy that the constitution provides for our territorial organization. In addition to the State consisting of autonomous communities, the latter contain other home-rule entities: the provinces in communities made up of more than one province and governed by deputations, and the municipalities in each province.

It was and is absolutely essential that laws such as this result from a consensus between parliamentary groups. The organization of the future new State shaped by the constitution is at stake. It is therefore not appropriate and not even admissible for this organization to be left up to the discretion of only some of the political interests represented in the Cortes. In this case we are referring to the PSOE, which has also secured a degree of support from Catalan Minority versus the other parties, especially the main opposition parties belonging to the Popular group. Or has it happened that under a system in which power should alternate some have pushed through a law that can be amended only when others take office?

There are very specific reasons for the breakdown. The constitution stipulates that the deputations will remain the bodies that govern provinces. However, in 7 of the 17 autonomous communities there will be no deputations because they consist of a single province, and their jurisdictions and functions will be absorbed by the community's bodies themselves. But in the remaining communities, which consist of two or more provinces, government will have to be organized in each of them through the respective deputations, which the bill seeks to belittle to the advantage of the autonomous community. This poses a threat to the province itself as an institution, which was so difficult to establish in Spain and is firmly consolidated today. This is happening



especially in the Catalan and Basque communities, the ones with the longest-standing tradition of home rule, which apparently seek to absorb their provinces. The municipalities, in turn, are governed and administered by city halls, which consist of mayors and councilmen, the latter elected directly by local voters and the former by the councilmen or, when so stipulated, directly by the local constituency. The bill in question seems to aim at vitiating this clear mandate by giving excessive powers to the mayor. It turns a system of government by city council into a chief executive system by expanding the jurisdictions and functions of the mayor and reducing the plenary municipal council to an assembly that meets quarterly to acquaint itself with the actions of the mayor and of a standing commission that consists of councilmen whom the mayor has appointed at his discretion. The underlying assumption here is that a continuously functioning city council disrupts city government by turning it into an ongoing political debate. What this, in fact, does is reduce the aldermen not represented by the mayor or by the councilmen he has appointed to the standing commission, into occasional spectators at the mayor's and his commission's performances. As we mentioned, city government was supposed to be a joint effort in which the mayor would have his own areas of responsibility, albeit not exaggerated ones as under this bill.

We agree with what the representatives of the PSOE have said about the important thing being effective government. But this cannot justify the shunting aside of the other representatives elected by local residents and leaving some of them and the mayor with the responsibility of running municipalities, as would happen should the bill at issue pass. It is precisely municipal government, in which abuse of authority is longstanding, that perhaps more than others requires the checks and balances of an opposition. Debate should lead to more effective, not encumbered government. This, after all, is a democratic system of government, in this instance, a municipal government.

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CSO: 3548/339

## CAUTIOUS STEPS TOWARDS NORMALIZED RELATIONS WITH BRITAIN

Madrid ABC in Spanish 10 Sep 84 p 16

[Article by Alberto Miguez]

[Excerpts] Madrid--The issue of Gibraltar, the opening of the border gate and the announced visit by Queen Elizabeth to Spain are again occupying Spanish diplomacy, which is determined to normalize relations with Great Britain in whatever way possible but not at any price. The recent news leak that the gate might be opened up without restrictions as of 1985 is the first sign that the Foreign Ministry is cautiously preparing a move.

For a year now two committees of British and Spanish experts have been meeting periodically in the two capitals to take up apparently technical, politically neutral issues that nevertheless are useful in implementing the ill-starred Lisbon Declaration (April 1980). The experts have gotten together on more than 20 occasions, and as the two sides themselves acknowledge, although they did not achieve spectacular results, the meetings were at least useful in analyzing minor issues thoroughly and in outlining to politicians, who will make the final decisions, the paths towards normalized relations.

As far as Great Britain is concerned, a normalization must entail the "unrestricted opening" of the gate, which was unlatched for pedestrians in December 1982 as a result of a Socialist campaign promise. The half-open gate, the British claim, has benefited only Spain. This is unquestionably a controversial contention because prestigious economists feel that exactly the opposite is the case.

In any event, at the series of political meetings in recent weeks the representatives of the British Government have proposed a compromise whose points are only too well known: Spain opens up the gate without restrictions, and England, as of 1 January 1985, grants Spanish citizens the "community juridical statute," which will make it easier for the workers of the Gibraltar Camp to find a job in the colony and for businessmen to set up shop there.

Spain, the British argue, will have to open the gate wide anyway on 1 January 1986, because that is what the EEC legislation on traffic stipulates, with the disadvantage that its workers would not be on an equal footing because there would be a 7-year "transition period" before they could move freely and find jobs in the territory of Gibraltar.

Spain has responded to the apparently generous British offers by stating that current Gibraltar legislation makes the "community statute" a worthless document inasmuch as everything is ultimately up to the governor general or the local parliament. The Spanish Foreign Ministry was forced to set up a task force to analyze the scope (enormous) and the depth (unfathomable) of Gibraltar's legislation, and it concluded that with these laws in hand the Gibraltar authorities could do whatever they pleased without openly flouting the "community statute."

The British have replied that if the community laws are violated, the wronged Spanish workers could turn to the Luxembourg Tribunal and, moreover, that only the local parliament can amend Gibraltar legislation. And this is absolutely unthinkable.

That is how things stand. Both sides are determined to normalize the situation, to "implement" the Lisbon Declaration and to improve the overall situation, which has so far looked gloomy and strained. Spain cannot afford to perpetuate a situation that...[article ends]

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## SCHMUECKLE URGES CREATION OF NATO 'CRISIS CABINET'

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 21 Sep 84 p 3

[Article by Gen Gerd Schmueckle (Ret.): "When a Crisis is Looming NATO is Hamstrung"]

[Text] What is the alliance going to do if the Near East powder keg were to explode once again? Thus far all have excitedly talked at once, but only the United States has acted. For NATO lacks a crisis management. The author, long a top general in Brussels, considers reorganization at the top as imperative.

At present Europe does not appear at its best not only politically but also economically. It tries rather shamelessly to expose its national egotisms--far removed from a "Europe of the fatherlands" and even farther removed from economic integration. All this is distressing if the European enthusiasm of former years is recalled.

But every great unification process, the way things are, has its initial enthusiasm--that is followed by progress with setbacks, later troublemaking and corruption, yes occasionally even scandalous acts--until the goal is finally reached. Important in this connection is the fact that the dynamic of the unification process is maintained. If one of the European fields can no longer be tilled, the seed must immediately be sown on another field. Since at this time politics and economics are relapsing into the old grooves, the European efforts must be concentrated on the fields of the military and of technology.

In doing so, the "West European Union" should not be disturbed in its lingering illness. When politicians want to revive the "WEU" today, the question must be asked whether or not that is being done to demonstrate strength in relation to the United States. Many a voice at least does not make this suspicion appear to be absurd. But there is also another magical incantation: the European Defense Community. But with all the magic in the world it will also not be possible to retrieve it from the hereafter. Nobody should disturb it in its death-like sleep. It's over and done with. Something that has died can no longer be rejuvenated. The cemetery of the European visions is covered with corpses. They should rest in peace there. Time has passed over them.

What has changed in the meantime? The United States has exercised its influence on Western Europe for almost 40 years. The result has become a joint Euro-American possession: it is hoped it can no longer be reversed. An invaluable gain for both sides. It has taken shape in NATO. To want to ram in a second smaller alliance pillar next to this one would have to completely confuse the decision-making processes. This cannot be the present solution. Rather arriving at decisions within the NATO structure must be improved.

Henry Kissinger's idea to make a European supreme commander could be simply achieved and could do more for the Europeanization of NATO than the development of a separate military organization. A European top general would strengthen the European military importance and be understood as a generous American gesture.

#### The Europeans Need More Coresponsibility

However: This military supreme commander must not--as Henry Kissinger proposes--be militarily amputated even before he assumes his office. Namely, Kissinger wants to free him of the nuclear burden. It is to be assigned to a U.S. deputy. Look out! A few things are to be said about that: Namely, a U.S. deputy will not be necessary in the Supreme Allied Headquarters; for the European supreme commander would of course retain his U.S. chief of staff. Thus the U.S. influence--especially on nuclear questions--would remain safeguarded. More will not be necessary.

The military NATO command group would then be organized as follows: a European supreme commander, two European deputies, a U.S. chief of staff. A strong combination. The Europeans must not agree to any less. Otherwise the exchange of position with the secretary general would degenerate for them into horse trading.

All rights and duties of the present officeholder would have to be assigned to the European supreme commander. Thus the European top military would directly deal with all governments, would organize deterrence, prepare the defense, determine nuclear target planning. In case of war it would be he who requests the nuclear weapons from the political authorities. He would have power over those that have been released. That could not be changed, for otherwise the Europeans would make a bad deal.

By no means did Henry Kissinger intend to propose an unfair deal. In this respect this unusual man is much too intelligent and politically too experienced. When he interpreted the proposal to appoint a European supreme commander, he did some finagling with regard to the nuclear question--presumably to make the exchange that he proposed palatable to his compatriots. This is permissible in politics. What is really important is that the Europeans at long last assume greater coresponsibility for their defense. For they have finally recovered from the war politically, diplomatically, economically, technologically, and militarily.

During long periods of peace, organizations created for an emergency at times degenerate: alliances fall apart, armies become bureaucratically stultified.



Staffs are overinflated and develop cancerous secondary tumors. Then when things get serious, frequently they are no longer worth anything. Of course, NATO has hardly fallen victim to these dangers. It remained successful in safeguarding peace. NATO also overcame internal crises well. Nevertheless, essentially it remained adjusted to "peace and war." The grey zone of crisis management was largely omitted in theoretical treatment and practical training.

The NATO Council would have to have political control for as long a period as possible over every crisis imposed upon it from the outside. What has to be done--what must not be done? The Europeans can jointly influence the war events only through the NATO council. As soon as the NATO Council no longer can follow the pace of the crisis with its decisions, the European views and intentions will split up. Then European governments can only try to influence the crisis by individual actions and then seek to influence the U.S. President bilaterally--a process of crisis management that is ineffective and not without its dangers.

Therefore the Europeans ought to have an overwhelming interest in shortening the decision-making process of the NATO Council, wherever that may be possible even now. In this connection, the top structure of the alliance organization itself should be critically examined as the very first step.

Of course it would be just as impossible to manage without the NATO Council as without the Allied Military Headquarters. Things are different as regards the Military Committee. It is composed of high-ranking generals and admirals. Thus considerable military professional experience and much professional ability is concentrated in them. The committee is headed by outstanding four-star generals or admirals of the fleet. Its handicap: it is powerless. It does represent the national chiefs of staff, but politically it is completely dependent on the NATO ambassadors and militarily on the NATO supreme commander. Thus its effectiveness is drastically reduced. It mechanically repeats what others have produced. In a serious crisis the Military Committee would be completely bypassed. Why then not abolish it immediately?

Of course, the national chiefs of staff must have strong representation in NATO. At present they are even overrepresented there. They have high-ranking representatives in the NATO embassies who also act as military advisers there. They have representatives in the Supreme Allied Headquarters--most of them with the rank of general. In addition there is the Military Committee. And that is too much. This too much does not do the NATO organization any good.

If a European were supreme commander, then the Military Committee would be even less significant than it is now for European governments because then they would prefer to deal with this top general over choosing the detour of the Military Committee. The work to be performed by the Military Committee could be readily divided up among the military representatives in the NATO embassies and in the Supreme Allied Headquarters. Thus the influence of the chiefs of staff would be even more reliably assured than with the present overrepresentation. However: abolishing a committee of such high-ranking military in NATO is as difficult as for a camel to be driven through the ear of a needle. If this tour de force were not possible, then the unpleasant solution would have

to be continued (of course nobody wants to admit that!) to simply ignore the committee in a serious crisis.

In a crisis that apparently inexorably escalates, there comes a point from which whatever is done would have to be under the personal responsibility of the heads of government. As soon as the NATO Council no longer can keep pace in its decisions with a crisis development, it would therefore have to be possible to assert the European influence in some other way. NATO would then have to form a "crisis cabinet." Ideally it would consist of the U.S. President and the deputy government chiefs of Great Britain, the FRG, and Italy. France should be invited to participate also with the Number Two man in the government. These European representatives would be connected with their heads of government directly and with voice security. Its chairman would be the U.S. President; meetings would be held in his situation room.

The European members of the "crisis cabinet" would have no staffs of their own. They would receive the same situation lectures as the U.S. President. It is important to listen to what the U.S. staff presents, for it is already in the situation report that the course is set for what is to happen in a highly explosive crisis and what is not to be done.

All decisions necessary to reduce the crisis fever would have to be jointly coordinated in the "crisis cabinet." In this process, Great Britain would have to speak for Europe-North, the FRG for Europe-Center, and Italy for Europe-South. The secretary general, who would also sit in the "crisis cabinet," would speak for all the governments not represented in this cabinet. He too, would have a direct secure-voice line to his deputy who chairs the Council in Brussels.

The "crisis cabinet" would prepare NATO decisions for the Council ready to be voted on. Thus the time reduction in the decision-making process would occur which the alliance needs in times of crisis. Now it would be possible to adapt the NATO decisions to their urgency in terms of time. If there is sufficient time--which can be the case always (or time and again) in certain phases of crisis--then the NATO Council in Brussels decides. It remains in the action or comes into it time and again. If there is little time, then the "crisis cabinet" prepares the decision and transmits the proposal to the NATO Council in Brussels. If even less time is available, then the heads of government constituting the "crisis cabinet" decide. If immediate action is required, then the U.S. President has the last word.

The U.S. President would of course decide on questions relating to U.S. nuclear weapons. The "crisis cabinet" would only have a voice in the decision but no right of codetermination. It would have to be in the interest of the U.S. President that these fateful decisions are made not solely on U.S. responsibility without listening to the Allies. On the other hand, the Europeans can no longer completely place the fate of their peoples in foreign hands. British and French nuclear power could be coordinated in the "crisis cabinet" with U.S. nuclear considerations.

Thus European influence could be optimally ensured in all conceivable phases of crisis. Since the "crisis cabinet"--as already mentioned--does not possess a staff of its own but would consciously listen to the U.S. lecturers, no new organization would be developed. Quite unconventionally, there would rather be a body for which merely some telecommunications lines would have to be set up.

Of course, there will be vehement objections to these suggestions. The governments not represented in the "crisis cabinet" will also want to become members. This is the NATO experience. That is what happened in the case of the NPG (Nuclear Planning Group). In the beginning it consisted of a few members. At that time it was effective. Then all governments, driven by reasons of prestige, pushed their way into the NPG. Now they are all members of it and thus the group is weakened and deprived of its originally planned purpose.

This ought not to happen to the "crisis cabinet." Now for once the Europeans are facing--starting with a specific moment in the crisis--the alternative for all of them together to be without a voice or temporarily to entrust the European influence to a few governments. As already mentioned, the other governments are not to be excluded but are to be obliged to adapt their decision-making processes to a crisis acceleration. The more timely the response, the greater chance of their participation. The "crisis cabinet" becomes active only if the threat of crisis threatens to get out of hand.

But the most important factor is this: The decision-making process for actions signifying peace or war would finally have been raised to the highest political level. That is the only place it belongs, in hours when the fate of nations is decided.

Thus the following possibilities for the future of NATO arise:

- a U.S. secretary general;
- a European supreme commander;
- disbanding of the Military Committee or its retention as a powerless body;
- strengthening of the military representatives in the NATO embassies and in the Supreme Allied Headquarters;
- a "crisis cabinet" for the most dangerous phases of crisis.

Whoever has no say will also not contribute anything.

The outcry can already be heard. Whoever is incensed over these proposals--Europeans or Americans--should visualize how loosely constructed the alliance mechanisms for a crisis are, especially when military measures must be considered. The national governments turn over to the NATO supreme commander only the number of troops that he needs for defense in their opinion. But if the Europeans lost all influence on the crisis events as is the case in the

present NATO system at the time when they are called upon to make armed forces available, then they would follow the call of the supreme commander only with hesitation.

Therefore it is not only in the general interest of the alliance but also in the U.S. interest to strengthen the feeling among the Europeans that in every phase of a dangerous development they have a voice and can participate. For whoever does not have a say will also not contribute anything. Whoever has little to say will contribute little. Only whoever knows that his voice is heard is also ready to give to the supreme commander the armed forces which he considers as required already during the crisis.

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## STRATEGIC DEFENSE INITIATIVE SEEN AS THREAT TO EUROPE

Munich SUEDEDEUTSCHE ZEITUNG in German 6 Sep 84 p 11

[Article by Alexander Szandar: "The 'Star Wars' from the Perspective of Bonn. A Concept Causes Pondering: The Planned Development of New Types of Defensive Missiles by the United States Could Endanger the Defense Capability of Western Europe"]

[Text] Bonn, in September. A remarkable change has taken place since March in the position of the Federal Government with respect to the star-war concept of President Ronald Reagan. At that time, at a NATO conference in the Turkish Cesme, Manfred Woerner, minister of defense, still highly critical. He warned against this concept, as well as against its consequences for the cohesion and strategy of the alliance. Furthermore, he lamented the lack of consultation in regard to the research project. Since the spring Woerner has changed his position. Soothingly one now hears only about consultations before the construction of the antiballistic weapons. This is linked with careful references to armament control and negotiations. In the name, but not on behalf, of the CDU/CSU, its spokesman for disarmament policy, Juergen Todenhoefer, even demanded that the FRG must be given "a share" in the research "on strategic defense initiative (SDI)."

## What SDI Means

The SPD criticizes this as the desire to get a foot in the door to space armament. The United States meanwhile has refused to tolerate criticism. With a view to the nuclear protection guarantee of Washington for Europe, deputy defense minister Fred Ikle, in July, warned against negative consequences of "pressure" directed against the program. According to him, this could cause a reaction in the public opinion of the United States if, that is to say, the Americans "should arrive at the conclusion that our allies have contributed to the vulnerability of the United States."

Differently from the concept of anti-satellite weapons (ASAT), which the concept of "star wars" recalls to begin with, this concept (SDI) is directed against intercontinental missiles:

- Destruction of warheads during the starting stage with laser beams,
- interception of warheads after separation from the propulsion rocket (tested by the United States for the first time in June),



--hit of missiles or their warheads during the final approach with the aid of anti-ballistic missiles (ABM).

ABM systems, because of the partly already known technology, could be realized comparatively quickly. In contrast to this, many years would still be necessary for the development of so-called space weapons. Accordingly, the United States has let the allies (for example Woerner's delegation during a visit in Washington in July) know that for the time being the intention is to concentrate on the anti-ballistic missile. A third of the approaching warheads, it is said, are to be rendered harmless through it. To be sure, according to Ikle, this protection does not benefit congested urban areas, but missile depots, command and communication centers. Reagan's rhetorical question in his "star wars" speech of March 1983, "whether it would not be better to protect human lives (through anti-ballistic missile defense) than to avenge them (through a nuclear counterstrike), at least in this area is being reduced ad absurdum: Evidently the point is not to make the missiles superfluous and thus to dismantle them, but rather it is their protection, their preservation which is at issue.

#### New Dangers for the Cities?

The reason for this lies in the "counter-force" strategy of both sides, i. e., the endeavor to fight above all against enemy forces. The destruction of enemy cities (counter-city) is primarily a means of propaganda rhetoric. Should it be possible, however, to protect hardened missiles through an anti-ballistic missile system, there would be the danger of returning to the supposedly obsolete deterrence through the destruction of cities; Reagan's vision of the salvation of mankind would be turned into the opposite. This would also hold for the--improbable--case that the graduated system in fact could eliminate 95 percent of the approaching warheads. At the present time, the USSR has approximately 9,000 warheads on submarine-missiles and on hardened projectiles on land--5 percent would still amount to 450; to this one would have to add nuclear bombs which would be carried to the United States on cruise missiles or bombers. Vice-versa, if Moscow should develop comparable systems, this would likewise apply.

Is SDI thus only a gigantic waste of money? In terms of armament possibly, but in terms of industrial policy--from the perspective of the United States--hardly. For the research expenditures can help to expand its lead over the rest of the world, say in computer and communication technology. In terms of industrial policy, therefore, Western Europe faces a decision according to the motto: "If you cannot beat them, join them." For the weaker side, this means "participating or going under."

Militarily an anti-ballistic missile system makes sense only if it is guaranteed that it is not confronted with more warheads than it can repulse. It thus presupposes agreements on the maximum number with respect to this--according to the linkage of the first treaty on the limitation of strategic armament (SALT I) and the ABM-Treaty, which now concedes to both sides a maximum of 100 anti-ballistic missiles for the protection of the capital or a missile launching site. As recently as a year and a half ago, Moscow and Washington, during the routine re-examination every 5 years, confirmed their

adherence to the goals of the ABM-Treaty, which prescribes "talks" on "restrictions" for the eventuality that new anti-ballistic missile means, such as laser beams, should become available.

One hears little about such talks. On the contrary, there is a lot of talk in Washington about the conceivable denunciation of the treaty in a few years. However, it is only possible if a partner to the agreement explains that "extraordinary events, which are related to the subject of the treaty, have endangered its highest interests".

For Europe, particularly the Federal Republic, the SDI--and the Soviet equivalent to be expected--contain a twofold danger: The SDI aims at the defense against "strategic" missiles with--according the SALT definition--a range of more than 5,500 kilometers. The SS 20's of the Soviets lie beneath this range; the new nuclear missiles of the series SS 21, 22, and 23 threaten only Western Europe. That means the security of Western Europe, which in contrast to the United States is also threatened by conventional forces of the USSR, would deteriorate. A regionally limited nuclear war would seem possible; a conventional war, too, would perhaps again become conductible in Europe, as the peace researcher Wolf Graf Baudissin recently noted.

Presidential adviser George A. Keyworth, the driving force behind SDI, therefore termed as "unavoidable" the fact that all European NATO-partners (in short, including the nuclear powers Great Britain and France) "will shift the center of gravity in the direction of modern conventional weapons systems of high technological level".

Government experts, politicians of the opposition, and the CDU-arms expert Willy Wimmer are therefore asking how both--the SDI-research and the necessary massive reinforcement of traditional defense--can be financed simultaneously. Connected with this is the concern that the United States, for the benefit of the security of its territory against nuclear missiles, would have to reduce the conventional defense of Europe.

Still more critical from the perspective of Bonn is the protection against "tactical" nuclear missiles in the range downward from the SS-20, specifically because of the flight time measured in a few minutes. The United States, to be sure, has promised protection to the allies, but this means, according to Keyworth, that a large part of the systems (which are also intended for the defense of the American continent) would have to be stationed in Europe. Without fail, therefore, the question of financing would be addressed to Europe.

#### When Cruise Missiles Come

Whether it will be addressed to Bonn is as yet uncertain. Prime Minister Margaret Thatcher has already decided against the stationing of Minuteman-Missiles for the defense against missiles in Great Britain. The Bundeswehr, to be sure, has already ordered missiles, which today are supposed to serve the purpose of air defense, but were actually developed as anti-ballistic missile for tactical missile systems (anti-tactical missile--ATM). The United States has already intimated that Bonn intends to contribute financially in order to develop the Patriot Missile again for anti-missile defense. For this step back, declared

as progress, the U.S. government, in the budget year 1985, intends to spend approximately DM 240 million.

But even if the allies should install 60 Patriot-units with a total of close to 2,000 ready-to-launch (conventional) anti-ballistic missiles in Europe--what would this be in relation to 1,750 warheads on approximately 250 SS-20 missiles, an unknown number of small projectiles, and the 12,000 aircraft missions, likewise to be fought by the Patriot, of which the Warsaw Pact is capable on the first day of a conflict alone?

Left completely out of consideration in the American as in the European calculations are low-flying cruise missiles, whose successful testing Moscow has recently announced (which the West, however, already possesses). Should they be launched in great number, this would exceed every defense capacity today. To that extent, the newly advanced argument by the United States, that SDI could force the Soviets to relatively slow--and defensible--bombers instead of missiles (and thus to "stable conditions of the 1950's"), sounds somewhat hollow in the ears of Bonn.

But cruise missiles, too, can be repulsed. One would only need sufficiently many suitable missiles and fighter aircraft--and the possibility of discovering the unmanned very-low-altitude aircraft in good time. In a few years the relevant target data could possibly be furnished by the United States to its allies. For the U.S. Air Force is experimenting with a heat and spectral sensor, which is supposed to analyze--from space and through fields of clouds--the jet blasts of point-to-point jets, bombers and cruise missiles in seconds. Whether and how this experiment operates in detail is secret. However, if it did work, the United States would certainly have offered the results to the Europeans for purchase (at the traditionally high price).

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3620/477

## SPD SPOKESMAN CLAIMS NATO HAS CONVENTIONAL ARMS PARITY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 22 Sep 84 p 2

/Text/ Bonn, 21 Sep--The current balance of forces between East and West makes an immediate attack against Western Europe by the USSR unlikely. This is the conclusion of SPD security expert Andreas von Buelow in his own analysis of the threat. Buelow, currently chairman of the commission for security policy of the SPD party directorate, holds the view that NATO is also substantially stronger than it presents itself to be. The USSR, to be sure, is strong but not strong enough either conventionally or in nuclear terms to profit from military actions in the case of a reasonably intact NATO alliance.

Buelow, formerly federal research minister, sees his study as a contribution to the current discussion on security policy, which will also be the subject of a symposium that the Friedrich Ebert Foundation plans to hold in October. Buelow said that there is reason "to view our own situation and the situation of the alliance with greater tranquillity." He further stated that the West does not have to approach disarmament talks with the feeling of inferiority, but there is reason to improve conventional defense systematically. The Bundeswehr has a good chance to maintain peace through its existence. But there is no reason to begin a new arms race through overly-hasty measures.

Buelow made it clear to journalists that the official figures available on the balance of forces are by no means false, but they have been arranged in such a way that one gets the impression that NATO is inferior. In his summary, the SPD politician points out that neither in a protracted conventional war of attrition nor in a blitzkrieg would the USSR and its allies have a chance to defeat NATO under acceptable conditions. According to Buelow, NATO has more soldiers under arms than the Warsaw Pact, is superior to the Warsaw Pact in larger combat ships, in aircraft carriers and in amphibious landing capacity, and in the case of the air force, there is no qualitative NATO inferiority.

Buelow believes that the 31 Soviet divisions in Eastern Europe would not by themselves be enough for an attack and the USSR can hardly rely on the troops of its alliance partners. The Red Army has not only qualitative shortcomings, but also the troop leadership is not very flexible and the morale of the armed forces is poor. Many weapon systems, such as the tank model T 54/55, are ready to be scrapped, and all experience shows that the weapons effectiveness of Soviet equipment is often questionable. It can only be estimated what kind

of superiority the Red Army considers necessary to plan an attack on Western Europe. It cannot do it with the existing weighting of forces, claims Buelow.

Buelow called the mere assumption of 253 combat-ready Eastern-bloc divisions "a blatant lie." And that considers neither the thinned-out reservist structure in the USSR nor the fact that most of the divisions of the alliance partners of the Soviets in the Warsaw Pact are not fully combat-ready. Von Buelow also opposed regional comparisons, which, in view of the mobility of strategic naval and air force formations, are not only senseless but also deceptive. In addition, "the divisions of the non-Soviet Warsaw Pact countries do not have the same level of readiness as the Soviet formations stationed in the countries of Eastern Europe." In contrast, "as a rule, French and Spanish formations as well as overseas reinforcements have been purposefully omitted."

9746

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## AIR FORCE NEEDS, FOKKER'S PLANS FOR NEW HELICOPTER

Amsterdam in Dutch DE TELEGRAAF in Dutch 18 Aug 84 p 25

[Article by H. F. van Loon: "Old Friendship Must Give Way for Larger Transport Aircraft. Fokker Wants to Participate in Construction of Euro-Helicopter."]

[Text] The Hague, Saturday--The Royal Air Force's need for air transport has grown to such an extent that the trusty F-26 transport aircraft will have to be retired within a few years. For the present, it seems a slim chance that they will be replaced by the new Fokker product, F-100. The air force's thoughts are leaning more towards the Lockheed Hercules or the French-German C-160 Transal military transport machine.

By way of comparison: The F-27 has a load capacity of approximately 6,000 kilos, while the Hercules can take nearly 20,000 kilos of freight on board. The Dutch 334th transport squadron, stationed at Soesterberg, will also be putting middle-weight transport helicopters into use around that time. Forming a European consortium, under French-German management, that would take up the construction of this helicopter, is currently being considered. Fokker has made it known that they would be "very interested" in being present at the formation of such a consortium, which would be building a joint helicopter for various European air forces.

## One Hundred

In the next ten years, the Dutch Air Force alone will need more than one hundred new helicopters, seventy to replace the "Alouette," that are still flying for the army now, thirty anti-tank helicopters, eight for the Royal Navy to serve in combatting submarines, four rescue machines and also a number of transport helicopters.

A total of nearly 1,800 million guilders have been set aside for the complete replacement and procurement of these helicopters over the next ten years.

Among the "fixed flights" that the Dutch Air Force's transport machines regularly make are trips to Crete (where the army and the air force train with Hawk and Lance missiles) and to Norway (where the marine corps and the air force are active in the defense of northern Norway).

It is precisely on these regular flights that the disadvantages of the F-27 machines, now a good twenty years old, come to light. The "Friendship" needs on the order of eight hours and a stopover for the flight to Crete. As far as Norway is concerned, a large role is played by the fact that the Dutch air force squadron, which is part of NATO's rapid intervention force, is currently equipped with F-16 jet fighters. This means that once in a while a spare F-16 motor will have to be flown over to Norway and this motor is so big that it cannot be accommodated by the Fokker Friendship. Nor can such a motor be transported in the new Fokker F-100 (with a load capacity of 16 tons), unless a version with an extra-large loading door were to be built.

#### Government

A Fokker spokesman said yesterday that "this is not being studied at the moment." All engines are being directed towards the civilian versions of the F-50 and the F-100. Building a military version of this "would only be interesting if the Dutch government gave it ample financial support and there is nothing to suggest this at the moment."

The Royal Air Force's interest in a machine like the Hercules as a replacement for the F-27 can be explained by the fact that it is one of the few machines that is designed from top to bottom as a military transport machine. Thus, it does not really have any competition. A Lockheed spokesman stated yesterday: "In various air forces, 1,600 of these machines are already in use, in thirty different versions. With a payload of nearly 20 tons, a Hercules can cover a distance of 3,500 kilometers non-stop."

As far as the construction of new helicopters is concerned, the German firm MBB [Messerschmidt-Boelkow-Blohm] and the French firm Aerospatiale have already set up a joint firm, "Eurocopter," which they now would like to see British Aerospace and Fokker also take an interest in. From the French-German cooperation, there have already emerged prototypes for combat and anti-tank helicopters (the latter equipped with eight HOT anti-tank missiles and four air-to-air missiles for self-defense).

The design of a "European" medium-weight transport helicopter is currently being studied.

12507

CSO: 3614/126

## PROBLEMS POSED BY MOROCCAN-LIBYAN UNION DISCUSSED

## Geostrategic Considerations

Lisbon DIARIO DE NOTICIAS in Portuguese 11 Sep 84 p 8

[Article by Virgilio de Carvalho: "The Moroccan-Libyan Union"]

[Excerpts] The strange treaty of unity between Libya and Morocco is a phenomenon of interest to the Iberian-African Atlantic Region (RAIA) and to the West.

## Geographic and Historic Background

Phenomena such as this are of interest to Portugal because of the basic reasons of a geostrategic nature which underlie the long military presence of North Africans on the Peninsula, and of the Portuguese, Spaniards and French in Northwest Africa, and which have led to Algerian maritime ventures into the Atlantic, upsetting the security of the islands and the continental coast of Portugal and also its maritime and coastal navigation.

Moreover, well-publicized statements have been made by Libyan and Algerian officials setting forth concepts of the OAU to the effect that the islands surrounding the African continent, because its security can be threatened from these locations, should at a minimum be given independence. They have included among these not only the Canary Islands, but also Madeira and even the Azores.

The importance to Portugal of the integrity and cohesion of its European-Atlantic territory, which almost forms an archipelago, is well-known, because it was its composition which made possible the only break away from Iberian control achieved to date against the centralizing force. The importance of control over the Atlantic islands and the Strait of Gibraltar to the credibility to the security plan of the Atlantic Alliance against the Warsaw Pact, because it is based on the possible transit of military and economic reinforcements from the North American continent to Europe, is clear. There are other aspects to be borne in mind, but those mentioned suffice for the considerations it seems necessary to note.

## The West and the East

First of all, it is not likely that there are many studious Westerners who deem it desirable for Arab aspirations toward independence, sovereignty and

unity should be asserted against the West, since this might be exploited by a Soviet Union which is well aware of Mackinder's statement about the key importance of mastery of the "world island" (the Eurasian-African complex) for domination of the world. On the other hand, it is necessary to devote attention to the complementary economic interaction with the Western countries (clearly seen in the cooperation between North Africa and the EEC, and elsewhere), and also the aversion to atheist materialism which Christianity and Islam share. These are factors which may lead the North African countries to a better understanding with the West than with the East, even in black Africa, thus creating a natural barrier to Soviet expansionism.

#### Spain

It is understandable that Spanish strategists may be concerned about geopolitical developments in the Maghreb, in view of the problems in Ceuta and Melilla, and even the Canary Islands. Thus they may again come out in favor of strengthening security along the Balearic Islands-Straits of Gibraltar-Canary Islands axis, and attempt to interest NATO, or perhaps only the United States, or even Portugal, in schemes to protect the peninsula from the Atlantic islands, the Straits of Gibraltar and the maritime routes converging in the RAIA.

#### Portugal

Apart from the undesirable aspects for the West in general we have mentioned, Portugal would not be served by having its territory drawn up against Northwest Africa, when in the final analysis a calmer attitude might yield improvements in the promising cooperation which has already been begun and which could contribute to geopolitical balance and to confidence in the RAIA, and thus to the overall security of the West. Moreover, Portugal already has its status as a member of NATO on which to rely for collective defense against these hypothetical threats. On the other hand, it will continue to be desirable for Portugal, as the events in progress demonstrate, to seek to involve its military and economic relations with surrounding Spain in multilateral plans, such as to avoid the risks of subordination and the loss of negotiating power and freedom of action inherent in bilateral relations.

But what has been said mainly shows how increasingly urgent it is becoming to ensure the development of the national instinct for defense, impressed on the historic memory of the Portuguese people by the painful process of making the country viable, toward a more conscious and active form reflecting the national defense philosophy, through suitable education and enlightenment. It further shows the urgency of a transition from a consensus on philosophy toward more specific doctrinal forms, toward a strategic concept of national defense which will contribute to an enlightened, cohesive, consistent, forewarned and personalized Portugal. Otherwise it may prove vulnerable, hesitant and weak on the difficult stages on which it must perform, with the risk that it will become the plaything of alien interests. And in this connection, some of the indications of possible dangerous confusions, for example the developing hierarchy and field of action for the movements in favor of regionalism, autonomy and the Portuguese nation, and also the acceptance of the

need for suitable autonomous military defense, already seem rather worrisome. This transition becomes indispensable as a demonstration of a virile spirit of defense for purposes of deterrence, and also negotiation, since events such as those in progress in the Maghreb point to a tendency toward an increased probability that friends and allies may seek to guarantee collective security in the important Portuguese geostrategic area through the use of their own forces, posing a serious threat to the exercise of sovereignty and political influence, and to the nation's interests and freedom of action.

#### Differing Interests of Spain, Portugal

Lisbon DIARIO DE NOTICIAS in Portuguese 14 Sep 84 p 6

[Editorial]

[Text] The unusual union between Libya and Morocco may be transitory, as the majority of the political observers predict, taking as the point of reference either the failure of the half-dozen arrangements of this type in which the colonel in Tripoli has already participated, or the somewhat bizarre nature of an alliance between regimes which are so distant from the ideological point of view. While its lasts, however, it will without a doubt constitute a cause of concern for the Western countries which are geographically closest to the Maghreb and a factor to be borne in mind in the strategy of the NATO, perhaps making a reassessment of the defense philosophy in the Mediterranean basin and even in the North Atlantic desirable.

Despite the protests from Rabat, which constantly stress the innocent nature of the treaty in terms of military effects, the relationship with Tripoli inevitably disturbs Morocco's relations with the United States and the other members of the alliance, changes the balance of forces in the complicated North African puzzle, and introduces mistrust of the solidity of one of the gateposts of the Mediterranean traditionally favorable to the West--the kingdom of Hassan II. In brief, it results in a weakening of the positions of the Western bloc in the region, although for the time being it cannot be regarded as irreparable damage.

In this connection, it seems beyond dispute that the strategic position of the Iberian Peninsula and the archipelagos formed by the Azores, Madeira and the Canary Islands is becoming still more valuable, and may again merit redoubled attention from the allied commands. It is in fact a precious complex, the strengthening of which will probably become inevitable if the bonds of the new Libyan-Moroccan friendship are maintained and deepened, or, to a still greater extent, if the efforts toward unity of the Greater Maghreb which have filled the dreams of Qadhdhafi eventually are realized, improbable as that seems at the moment.

However the Iberian Peninsula is not a unified whole, nor are the interests of Portugal and Spain necessarily the same in this connection. Apart from this, the Atlantic archipelagos concerning which certain countries in the Organization of African Unity, particularly Libya and Algeria, have pretensions (somewhat absurd, if we look at the arguments invoked, but not without logic, it must be admitted, if viewed from Moscow's expansionist perspective), do not have equal strategic value. Madeira and the Canary Islands may



be on a par as points of support for the Mediterranean ports, but the Azores are irreplaceable, in view of their situation as a bridge in the Atlantic between the American and European continents.

The continental shelves of Portugal and Spain would, for their part, serve a similar general purpose in the event of war, providing bases for logistical support and the landing of reinforcements.

The specific characteristics of each of the territories confer upon them distinct aspects however, which are not in conflict but are complementary, fully justifying the interest of the Alliance in incorporating Spain within it. The neighboring country would offer the possibility of rapid access to the Pyrenees, would make land coverage of the northern part of the peninsula possible, and would also facilitate the reinforcement of maritime routes toward the English Channel and Northern Europe, while to the south, Gibraltar would serve as a sentinel at the gate of the Mediterranean.

If reasons for friction or divergence with regard to the continent cannot be foreseen, given the role played by each of the peninsular nations, and if it is evident that the advantages Spain offers the allies are much more attractive than those provided by our country, both in terms of the size of Spanish territory and the multiplicity of its points of strategic interest, a question might arise as to the Atlantic vector. Portugal's weight within the Alliance and its inherent negotiating power, potentially, at least, since it cannot be said that its advantages have produced major results throughout the years, as the result not only of its continental coast but also the triangular complex formed by the continent, Madeira and the Azores. Taking it as a given that the Azores are unrivaled and will continue to occupy their present place, the same cannot be said with regard to Madeira, since the Canary Islands may outrank it in importance. In the event, which is a mere hypothesis for the time being, that the Canary Islands are in the future allocated a role which in some way reduces the potential value of the Madeira archipelago, and the island of Porto Santo in particular, Portugal could possibly lose an important component in the strategic supremacy it now enjoys in the Atlantic relative to its neighbor Spain. Looking at matters in more or less linear terms, it would also lose thereby a part of its influence in the Alliance and the corresponding negotiating power.

All of the conjectures postulated in this connection are perhaps premature, since Spain has not as yet decided (and it will be hard to decide, to judge from the contradictions to be found within the governmental party, the PSOE [Spanish Socialist Workers Party]) whether it will remain in NATO, much less whether it will or will not join its military structure. If this happens, Portugal will then have to safeguard its interests on all levels, especially with regard to the so often suggested possibility that the Alliance will again have a unified command on the Iberian Peninsula, and intends to offer it precisely to Madrid. From what has been said this is not an irrelevant question. The fact that our country is a founding member of the Alliance and has shown it the greatest loyalty, the allies themselves have said repeatedly, cannot serve as a mere embellishment to solemn speeches. An actual experience, the process of joining the EEC, clearly demonstrates how little words are worth when conflicting interests clash.

## NATO CRITICIZED BY HEAD OF MADEIRA GOVERNMENT

Lisbon DIARIO DE NOTICIAS in Portuguese 16 Sep 84 p 6

[Excerpt] The government of Madeira "wants to indicate to NATO its displeasure with the activity of that alliance, giving priority to the military aspect and neglecting economic and social solidarity," Alberto Joao Jardim has stated.

The head of the government in Madeira said that he has proposed to the government of the republic that "it take over the task of expanding the Porto Santo airport, if NATO makes no decision." Joao Jardim, who spoke on his arrival in Funchal after holding talks in Lisbon with the minister of defense, reported that Mota Pinto "was continuing talks with the finance minister on the proposal."

He added that "if this proposal is accepted, Portugal would acquire yet another intercontinental airport in a strategic position on the Atlantic, with the capability of subsequently negotiating with NATO at higher prices and from a stronger position."

Jardim said that on the basis of the proposal presented by the regional government to the Ministry of Defense in July, "the cost of expansion, on conditions which would interest NATO, would involve a budget of 1,300,000 contos.

"From the point of view of the civic interests of the region alone (3,000 meters of runway), the project would come to about 700,000 contos," he stressed.

The head of the executive branch said that "NATO may possibly make a decision in December, since at that time a meeting will be held to analyze the financial resources of the Alliance."

He said that at the meeting Mota Pinto will have with the Military Committee of NATO on the 18th in Oporto, "the defense minister will express the displeasure of the governments of the republic and the region with the lack of decision on the part of the Atlantic Alliance."

He confirmed that "there is no time available to meet with the committee in the region," since "no date was proposed for the trip and other commitments have been made."

## UPSWING EXPECTED IN IRON, STEEL INDUSTRY

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German  
4 Sep 84 p 2

[Article: "Belgian Iron and Steel Industry Expects Upswing. Percentage of European Market Increasing. Downturn at Home. Four Percent Increase Expected in Production of Nonferrous Metals"]

[Text] GOE, Brussels. The prospects for the Belgian metalworking industry are currently brighter than at the end of last year. Growth of at least three percent is possible, particularly in the automobile industry. The figures for machinery production, however, could be lower than those projected at the end of last year. The prospects for several other areas of production such as electrical equipment, shipbuilding, railroad stock, arms and aircraft construction are also not favorable.

The Bedrijfsraad (employees' council) for metals in Brussels projects a general production increase in the metalworking industry of two to three percent for the current year, after Fabrimetal, the metalworking industry's association, had assumed a projected increase of 1.1 percent at the end of 1983. Although Fabrimetal had assumed a downturn of two percent in employment, the employees' council now believes the decrease will be less than this figure because fewer companies will close than in 1983 due to the improvement in corporate profitability which will bring about a strengthening of the financial structure. Market conditions will also have a supportive effect, thus helping to reduce the decline in employment.

Hourly wages will increase by eight to 10 percent. According to a survey by Fabrimetal, investments will reach 34.2 billion Belgian francs as opposed to 32.6 billion francs in 1983. Half of that amount will be invested in the automobile industry, as was the case last year. Capital investments for the purpose of rationalization will be 73 percent.

In 1983, the slight improvement on the international market had a favorable effect on the metalworking industry. Compared to 1982, overall deliveries increased in value by 8.2 percent to 791.2 billion Belgian francs, and by 2.3 percent by volume as compared to figures for 1982, according to information supplied by the employees' council. This upturn can be exclusively attributed to foreign deliveries which increased by more than four percent by volume.

Domestic deliveries decreased by about four percent, due in part to a reduction in orders from the government, and in part to decreased sales in several traditional metal-using industries.

Deliveries in the sub-industries have followed differing trends: overall deliveries of transport goods increased by 16.4 percent to 315.2 billion Belgian francs, however this increase was due exclusively to the automobile industry. Domestic growth registered a gain of 16.8 percent (to 46.1 billion Belgian francs). Improvement was also reflected in consumer goods; deliveries increased by a total of 9.3 percent to 108.5 billion Belgian francs, and domestic sales increased by one percent to 44.4 billion Belgian francs.

In terms of quantity, arms deliveries fell due to the difficult economic situation in the heavy metalworking industry, the crisis on the international market for capital goods and the high debt incurred by several developing nations. In terms of value, overall deliveries increased by 0.4 percent (to 274.4 billion Belgian francs); domestic deliveries increased by 1.8 percent to 116.3 billion Belgian francs. Deliveries to the heavy metalworking industry dropped a total of 6.9 percent (to 27.0 billion Belgian francs). Deliveries to the heavy metalworking industry increased by 0.3 percent to 145.6 billion Belgian francs; deliveries to electrical engineering firms rose by 2.6 percent to 101.8 billion Belgian francs. Overall deliveries within the arms and aircraft construction industries increased by 7.8 percent to 32.0 billion Belgian francs; domestic deliveries dropped by 14.1 percent to 3.8 billion Belgian francs.

Export figures are available for the first nine months of the year. According to these figures, exports to the metalworking industry for the period January to September increased by 13.4 percent over the same period in 1982 to 532.6 billion Belgian francs. Of note in this regard is the strong increase in the field of electrical engineering (up 15.5 percent) and transport (up 20.3 percent). Exports dropped by 11.9 percent in the heavy metalworking industry, by 2.5 percent in the machinery production industry and by 16.8 percent in the arms and aircraft construction industries.

Exports to the USA and Canada increased by 36 percent, while exports to the Federal Republic of Germany and Great Britain increased by 23 and 21 percent, respectively. Due to the fact that sales on the French and Italian markets were lower than last year, the share of exports to Common Market countries overall remained approximately the same. Exports to Latin America have continued to drop, and exports to Asia and Africa have remained stagnant.

As compared to the same period last year, imports of products from the metalworking industry increased by 7.2 percent during the first nine months to 534.8 billion francs. Imports of electrical products showed the greatest increase (up 11.2 percent), while consumer goods increased the least. Imports of heavy metal products and machines decreased by 0.6 and 0.8 percent, respectively.



Employment dropped in 1983 by 2.7 percent to a total of 2,516,000, primarily as a result of company shutdowns. Due to the greater number of part-time employees and the decrease in the number of full-time employees, the decrease in the number of hours worked is greater at 4.5 percent than the decrease in the number of employees.

In its prognosis for the iron and steel industry for the current year, the employees' council for metals mentions the end of the downturn in overall world economic conditions in the past year, and the improvement of conditions in the iron and steel industry. The council feels there will probably be a gradual increase in investments in heavy industry. According to the council, the prospects for the steel processing industry are better than they were one or two years ago, with the exception of the construction industry in which no positive development is expected.

Deliveries by Europe and Belgium/Luxembourg to the USA--even within the restrictive agreements of 1982--will increase. The results achieved in preceding years (1979, 1980 and 1981) will no longer be possible. In view of the increasing activity in the steel processing industry, the employees' council projects an upturn in the Belgian iron and steel industry both at home and abroad.

Belgian raw steel production increased in 1983 by two percent over last year to 10.16 million metric tons. Overall production by EC countries simultaneously dropped by two percent to 109 million metric tons. The employees' council notes, however, that production in Belgium in 1982 was significantly lower than had been forecast due to strikes in March in the country's largest iron and steel factory. During the first quarter of 1984, production in the EC increased by nearly 15 percent over the same period in 1984 [as published], and increased by 18 percent in Belgium/Luxembourg. Here it must also be remembered that the first quarter of 1983 followed a significant downturn in steel production in the second half of 1982, and that it was negatively affected by this decline.

Deliveries by Belgium/Luxembourg of rolled steel products within the EC amounted to 6,750,000 metric tons in the first ten months of 1983--2.3 percent more than in the same period in 1982 (6,600,000 metric tons). The percentage of products within the EC produced by the Belgian and Luxembourg iron and steel industry increased slightly from 9.0 to 9.5 percent, whereby the percentage in the Federal Republic of Germany showed an unusually strong gain--from 8.8 percent last year to 10.5 percent this year. On the Belgian and Luxembourg markets, on the other hand, the same figure dropped from 54.3 to 48.9 percent. Here, third countries supplied 12 percent of those two countries' national consumption. This is the highest figure since 1977.

Exports of rolled steel products to third countries from Belgium/Luxembourg increased by seven percent in 1983, whereas those of EC countries increased simultaneously by 9 percent. Significantly less was imported to the USA, where EC exports are governed by quotas. Numerous political barriers,



including objections to such imports by Bethlehem Steel and the American Union of Iron- and Steelworkers, have slowed imports to the American market from EC countries, and thus from Belgium/Luxembourg. This decrease has been partially offset by increased deliveries to Western and Eastern Europe.

The markets in African countries continue to be weak because projects for which steel is needed have either been postponed or cancelled due to financial problems. The same hold true for Asia, where the Belgian/Luxembourg iron and steel industry nevertheless showed slight improvement in 1983.

The number of employees in the Belgian iron and steel industry dropped by 6.1 percent in 1983 to 41,448.

With respect to nonferrous metals, the employees' council predicts a production increase in 1984 of four percent, whereby production in all sub-industries of raw products and semifinished products will increase; the largest increase will be seen in alloyed copper (24 percent) and zinc dust (15 percent). Lead production, however, declined by three percent. The production increase of raw products and semifinished products will be five and three percent, respectively.

With regard to prospective sales over the medium term, the employees' council warns against being overly optimistic in spite of the weak upturn in the world economy and the positive effect of the council on the demand for nonferrous metals. The council sees a slight improvement in the market prices for nonferrous metals, above all zinc and aluminum, however, the prices for copper and lead will remain low. Employment will again increase by 0.5 percent in 1984, and wages will rise by eight percent based on these expectations.

The production of nonferrous metals last year in Belgium remained at the high level of 1982. In the first half of this year a decline of two percent was registered, although this drop was made up again toward the end of the year. In 1983, as in the previous year, 875,060 metric tons of raw metals were produced. The strongest metal within this group was raw lead, the production of which increased by 35 percent to 134,200 metric tons. Zinc production increased by 15 percent (to 275,800 metric tons or 18 percent of all raw metals), and the production of zinc dust increased by seven percent (to 25,100 metric tons). The production of raw copper (29 percent of all raw metals) dropped by 14 percent to 431,300 metric tons due to the copper crisis on world markets.

A total of 625,675 metric tons of semifinished products were produced, representing an increase of one percent over 1982. Here, too, the various types of metals behaved differently. Forty-three percent more lead was produced (26,100 metric tons); new plants for the production of semifinished products were put into operation. The production of aluminum increased by 10 percent to 310,000 metric tons (20 percent of all

semifinished products), an increase which can be attributed to the increasing world demand for this metal. The production of unalloyed copper dropped by six percent to 260,600 metric tons (17 percent of all semifinished products), while the production of alloyed copper dropped by 55 percent to 8,900 metric tons and that of zinc semifinished products declined by 12 percent to 28,700 metric tons.

12644

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## CHEMICAL INDUSTRY HEADED FOR COSTLY STRUCTURAL CHANGES

## Growth Limits Approaching

Duesseldorf WIRTSCHAFTSWOCHE in German 17 Aug 84 pp 28-36

[Text] The chemical industry of the FRG has passed through one of the largest upswings in its history. Now, environmental-protection restrictions and changes in the variety of products being made are leading to a structural change which must be financed with relatively extensive borrowings.

The government of Papua New Guinea reacted quickly. On 19 June it made the gold mill in the jungle of the Star Mountains close its doors. This belongs to the Ok Tedi Mining, Ltd., in which, among others, the German concerns Metallgesellschaft AG and Degussa AG hold an interest. The Papuans had become nervous after the second accident had happened within a few days, this time involving sodium cyanide from the Degussa production process. Because back on 14 June there had been an even more dangerous incident: In a heavy sea, a barge with 2,700 barrels of potassium cyanide had overturned in the estuary of the Fly River, which has the Ok Tedi as one of its tributaries.

While the alarm was sounding in Papua, in Hamburg the case of Boehringer Ingelheim escalated. For years, dangerous dioxin had drizzled down on the Hanseatic residents. Finally the sins of omission of the Boehringer managers led to the logical reaction among the Hanseatic politicians: The Hamburg plant of the Ingelheim chemical concern was closed on 18 June.

Thus for the German chemical industry, June of this year was one of the blackest months in its history. Indeed things could get even worse, because almost every chemical concern has environmental problems: For example, Bayer AG with the dumping of dilute acid, Hoechst AG with the dying of fish in the Main River, or BASF AG with air pollution in the Palatinate. The question, however, is how rapidly the managers at the headquarters of these concerns will be introducing the most recent state of the art in environmental protection into their problem-causing production processes in each case, so as to avoid in this way scandals which otherwise are inevitably in store for them.

That scandals can be avoided has now been demonstrated by Hoechst--a company which has been embroiled often enough in environmental incidents: At the Frankfurt-Hoechst plant, the Frankfurters discontinued their compound-fertilizer production at midyear. The corresponding initial-stage production will also be removed from this densely populated region soon. With that, the plant will become visibly less polluting, because the yellow flag of its smokestack, 130 meters high, will disappear in time, along with the often unbearable odor pollution from this source.

This relocation costs money: Places have to be made for 400 people at another of the concern's locations. But preventive environmental protection produces good will among the employees and the population. And in the future the chemical industry will be dependent on affection from the public more than ever.

According to its own statements, the chemical industry of the FRG has spent over 20 billion marks all told in the last 10 years for environmental protection systems and their operation. In the opinion of the experts, there must be even more spent in the future if this industry is to survive over the long run in Central Europe.

Indeed, even this figure of 20 billion must be qualified. Because it is impossible to clearly separate environmental from other capital expenditures, and so the ascribing of an expenditure to environmental protection is necessarily arbitrary.

How uncertain are the expenditure statistics for the environment follows even from what is published by Bayer. Bayer claims to have spent a sum of over 7 billion billion marks for environmental protection within the last 10 years. Hoechst does not take a back seat here: For the last 2 years alone, the Frankfurters report an expenditure of 2.3 billion marks.

Another question which arises is to what extent the aggregate of capital expenditures of the coming years will be marked by environmental protection. Because on the one hand the chemical industry will have to get used to the idea that larger and larger amounts of funds earmarked for capital expenditures on physical assets will be in the service of reducing environmental pollution--that is, will go for facilities which are unprofitable in a business sense. But on the other hand the shareholders will turn their backs on any managing board which does not understand how to profitably administer the capital resources they have made available.

As is shown just by the 1983 balances of the three leading German chemical concerns, the room to maneuver with respect to loan capital is not exactly ample: Relative to the respective balance sheet totals, for example, the loan capital ratio with Bayer comes to 74.4 percent and with Hoechst to 71.2 percent. Although BASF stands out with only 63.1 percent, still in comparison to the largest American chemical concerns even this is too much. For example, E. I. Du Pont De Nemours & Co., Number One in the United States, has a loan capital ratio of only 30.5 percent, second-place Dow Chemical Co. gets a figure of 36 percent, and Number Three Union Carbide Corp. is in the middle with 33 percent.

Moreover Wolfgang Munde, chief executive secretary of the Chemical Industry Association eV (VCI), points also to an additional uncertainty factor in connection with German chemical capacities: This country's chemical engineers have feared nothing more than a growing debate about and calling into question of existing facilities or facilities to be built anew. According to Munde, "in Germany we can produce valuable chemicals because our infrastructure is outstanding. But the plant itself must not be called into question." VCI president Heinz Gerhard Franck explains why this must be so: As a location for chemical-industry outfits, the FRG has

on the one hand the disadvantages of a country poor in raw materials and with high wages, along with

especially high requirements for environmental protection, and on the other hand

the advantages of a well-developed infrastructure and a

first-class manpower pool.

For the chemical industry, the dangers lie specifically in facing a ban on capital expenditures and in the forced shutting down of plants, and not so much in a boycott against buying its products. And the chemical industry cannot be hurt by its disparagement and by the romantic demand for substitutions--gunny sacks instead of plastic bags, alternative gardening without chemical fertilizers, wool instead of polyesters, herbs instead of pharmaceuticals.

In the case of Boehringer in Hamburg, ultimately what was at issue was not even the insecticide "lindane," but rather its production plant. "And therefore the chemical industry as a whole feels injured by the plant closing," stresses Munde. Those in the chemical industry are now fearing, with good reason, that the Boehringer scandal will not remain an isolated case.

On the other hand the functionaries of the association have some collateral which makes up for many a legitimate argument of the environmentalists: With a product value of 123.8 billion marks in 1983--in the boom year of 1974, for example, the figure was just 77.3 billion marks--the chemical industry of the FRG is not only one of the largest industrial branches, but also one of the most vigorously growing. Moreover, it is one of the leading German exporters, after machine building and plant construction and the auto industry, but still in front of the electrical industry. And even if because of its traditionally high capital intensity it is not quite so important as an employer, with about 547,000 employees--for example, machine building and plant construction employs about twice as many workers--nevertheless it remains as much as ever one of the key industries, without which such important industrial branches as the auto manufacturing or the building trade could no longer exist.

Moreover the chemical lobby advances arguments of its own:



The majority of Germans, although sensitized to the issue, are basically friendly to the chemical industry.

The world market for chemical products has not encountered its limits by any means. The German chemical industry wants to and must capitalize upon this.

Moreover in past years it has become firmly established above all in major fields of high growth potential such as organic chemicals and pharmaceuticals, personal hygiene and plant protection, but also in other growth fields such as protective agents for buildings or adhesives.

In these areas there are also no inferiority complexes vis-a-vis America or Japan. "We are strong enough to be successful here," says BASF president Hans Albers. And he adds: "Our licensing revenues from Japan and the United States are significantly higher than the expenditures." The German chemical industry is even hoping for an expansion of its share of the world market, among other things because it is the largest drugstore in the world with a 40-percent share in world trade and also has a high-quality output of agrochemicals. Thus when its fiber production is included, it is in business in a big way as far as satisfying the basic needs of humanity is concerned.

In pharmaceuticals, for example: All told, the world drug market is likely to grow by 50 percent from 1983 to 1987. As the largest pharmaceutical business in the world, Hoechst above all can rejoice at the market prospects for drugs. To be sure, department head Dieter Laengenfelder adds a qualification: "But often there is a lack of purchasing power."

This is the area where market-determined brakes on growth are appearing also for the chemical industry, in addition to environmental protection and extensive financing with borrowed funds. The markets of the Third World above all still have to be opened up with additional capital expenditures, and whether or not these markets will be profitable often will come to light only after a few years, sometimes even only after a few decades. By the year 2000 the world population will have grown from the present 4.7 to 6.5 billion--almost 2 billion people who, measured by the present crop yields, are condemned to starvation on the basis of the statistics involved.

"Just as with food, with clothing as well it is no longer possible to adequately provide this to mankind without the help of the chemical industry," concludes VCI president Franck. In this connection it is not only a question of the availability of synthetic fibers. Chemical processes also play a crucial role in the treatment, curing, and preservation of natural fibers and the fabrics manufactured from them.

However, it is unlikely that the chemical industry will expand with the same vigor also in the Third World, without a pause in growth, as it grew in its traditional markets in past decades. Because for one thing the indebtedness of the developing countries is proving to be a brake on

growth, and for another thing the structure of this branch today is quite different from what it was 20 or 30 years ago: Conglomerates such as Bayer, Hoechst, and BASF clearly dominate the scene. In the past decades, their growth was marked not only by their own capital expenditures, sales, and profits, but also by many purchases of firms at home and abroad. By now certain limits have been reached here as well. And unquestionably the structure of these conglomerates--as well as that of the secondary chemical concerns--is still oriented first and foremost toward more growth in the industrial countries. Should this fail to materialize, costly structural change will come, not sooner. In the meantime the German concerns are seeking to play first violin if possible in the world concert--through additional purchases of companies:

BASF is on the lookout for a pharmaceutical plant--if possible in the United States--and would be prepared to get together several hundred million marks for this purpose. It is clear to concern boss Albers that he will not necessarily have such good fortune as Bayer did at one time with the acquisition of Miles/Cutter in the United States. But there is supposed to be something happening already in this direction.

In past weeks Hoechst has provided itself with a broad entry into the field of industrial ceramics. A sum of money in the three-figure millions was shelled out for Rosenthal Technik AG.

Just last year the Berlin company Schering AG bought the British agrochemical company FBC Ltd. "In doing so, we not only doubled sales in this field, to 1.2 billion marks, but also our research capacity," board chairman Klaus Pohl says in praise of his acquisition. With the purchase of this firm, Schering moved up into the group of the world's 12 largest agrochemical companies--a group to which, of course, the superconcerns Bayer, Hoechst, and BASF also belong.

For the purposes of meeting their own projected targets in the intermediate term, each of the three IG affiliates wants to invest about 10 billion marks in the five years prior to 1988. Since research costs are rising considerably more rapidly and steadily than capital expenditures, in coming years total expenditures for the former are likely to surpass the investment budget. "With us that was already the case in 1983," says former Bayer president Herbert Gruenewald, who is now head of the board of directors.

These brainwork factories of the chemists will be given a special momentum in the coming years, seeing that their top positions are filled by new managers, or--as with Hoechst--will be so filled in 1985. In this connection the new Hoechst president Wolfgang Hilger will have the support of a principal shareholder in the form of the oil state of Kuwait, which up to now, at least, has been more interested in receiving a good return from its stock investment than in providing Hoechst with low-cost raw materials.

At present Hilger is developing the Hoechst strategy until into the 1990's together with the still acting president Rolf Sammet. Here the realizing in the market of genetic-engineering products plays an important role:

Hoechst is on the point of establishing an insulin production facility based on genetic engineering. The isolating of interferon is coming along well. Moreover Hoechst is on the trail of the disease hemophilia and wants to introduce revolutionary anti-cancer agents on the market soon.

But agriculture is seen as an important market for genetic-engineering products above all. In this area, plants are ultimately to be grown which produce their own defenses against insects and moreover absorb nitrogen from the air, thereby eliminating the need for fertilizers and plant-protective agents. On the other hand, for BASF head Albers all of this is still pretty unworldly sounding: "During my time at BASF, I will no longer see any substantial successes coming from biotechnology." Chemical expert Albers prefers to remain on the solid ground of market facts. For the future he wants to snatch away some market crumbs in connection with finished products, perhaps in the pharmaceutical sector.

"We have already managed," according to Albers, "to raise the share held by finished products in our sales to 50 percent. In the future this figure will be even larger." Drugs, agrochemistry, vitamins, paints and varnishes, and textile finishing are being pushed at Ludwigshafen. But in the future they will be working there with more than just these specialty items. Albers: "Standard plastics such as polyethylene or PVC will continue to be one of the major supports of BASF in the 1990's as well." Moreover, a fourth of the company still constitutes a raw-material concern for oil, gas, coal, and potassium.

Like Hilger, Albers belongs to the category of highly qualified chemists who have become top managers through rising in their companies over a period of many years. They are heads of concerns who also understand complicated chemical relationships.

On the other hand Hermann-Josef Strenger, the new Bayer head, comes entirely from the business side. He is likewise a very hard worker and a top-notch business strategist. His business philosophy is practically identical to that of his colleagues from Hoechst and BASF. This is the way it sounds from the mouth of Strenger: "We will continue with our successful policy of a broad product diversification characterized by a high degree of value creation and of regional diversification, especially in those countries and economic areas which offer us on a long-range basis the basic conditions for unrestricted management decisions. We will continue to give a very high priority to our research and development, to keep on the lookout for new spheres of operations which are not too far from our traditional and mastered activities."

This sounds like continuity, but it is nothing of the kind. Because in the 1983/84 upswing of the chemical industry, what were reaped were primarily the fruits of the far-reaching restructuring measures of past years. These measures had become necessary after the first and second oil crisis. Moreover the increased exchange rate of the dollar had an extremely positive effect.

The market corrections in the fields of fibers, plastics, and fertilizers have largely been executed by now, surplus capacities have been reduced, and the entire production process has been modified more and more toward energy-saving methods. Now it is essential to make use of this good crop yield for a new sowing.

### Strongly Boosted

### Indicators for the Leading German Chemical Concerns in the Three Greatest Boom Years of this Industry

|                                    | Umsatz (1)<br>(Millionen Mark) |       |       | Sachinvestitionen<br>(Millionen Mark) (2) |      |      | Beschäftigte<br>(3) |        |        |
|------------------------------------|--------------------------------|-------|-------|---|------|------|---------------------|--------|--------|
|                                    | 1974                           | 1979  | 1983  | 1974                                      | 1979 | 1983 | 1974                | 1979   | 1983   |
| Bayer (Welt) (4)                   | 18879                          | 26002 | 37336 | 1797                                      | 2240 | 1872 | 169200              | 181000 | 174800 |
| Hoechst (Welt) (4)                 | 20201                          | 27080 | 37189 | 1882                                      | 1635 | 1870 | 178710              | 182688 | 179849 |
| BASF (Gruppe) (5)                  | 19736                          | 25896 | 35111 | 1394                                      | 1811 | 1830 | 110989              | 117168 | 114128 |
| Wenke (Welt) (4)                   | 4641                           | 6121  | 8470  | 268                                       | 170  | 311  | 34094               | 32667  | 32534  |
| Huls (Gruppe) (5)                  | 2904                           | 5479  | 5828  | 128                                       | 127  | 441  | 14080               | 17973  | 15968  |
| Schenck (Gruppe) (5)               | 1405                           | 2303  | 4283  | 232                                       | 151  | 428  | 16230               | 17958  | 22786  |
| Boehringer<br>Ingelheim (Welt) (4) | 1800                           | 2500  | 3831  | 95  | 75   | 185  | 19500               | 21000  | 22597  |
| Degussa (Chemie) (6)               | -                              | 2508  | 3367  | -   | 154  | 284  | 20472               | 20457  | 21389  |
| (5) Rutgerswerke (Gruppe)          | 2021                           | 2527  | 3347  | 55  | 104  | 107  | 11287               | 11809  | 11238  |
| Merck (Gruppe) (5)                 | -                              | 1783  | 2672  | -   | 142  | 183  | -                   | 18995  | 19679  |
| Deutsche ICI<br>(Gruppe) (5)       | 922                            | 1432  | 2466  | 38  | 373  | 40   | 4802                | 4889   | 5287   |
| Boehringer<br>Mannheim             | 770                            | 1348  | 1811  | 96  | 47   | 68   | 5180                | 6874   | 7181   |

(7) 1) Gesamtkonzern; 2) AG; 3) Gruppe; 4) Inlandskonzern; 5) Konzern

Wirtschafts  
Woche

- Key:
1. Sales (millions of marks)
  2. Capital expenditures on physical assets (millions of marks)
  3. Employees
  4. (Welt) = (all affiliated firms)
  5. (Gruppe) = (group)
  6. (Chemie) = (chemicals)
  7. 1) entire concern; 2) corporation; 3) domestic concern; 4) concern

## Primarily Upwards

### Developmental Trends of German Chemical Output According to Fields, from 1974 to 1990

|  | (1) Produktionswerte <sup>1)</sup><br>(Milliarden Mark)<br>1974: 77,3<br>1983: 123,8  |              | (2) Trend in den<br>nächsten Jahren <sup>2)</sup> |   |
|--|---|--------------|---|---|
|  | (3) Anteile der Sparten <sup>1)</sup><br>(Prozent)  |              |   |   |
| (4) Anorganica   | 5,6   | 7,3          | -   | - |
| (5) Organica   | 15,6  | 20,1         | +   | + |
| (6) Düngemittel  | 3,3<br>3,5  | 4,2<br>2,8   | -   | - |
| (7) Kunststoffe  | 11,5<br>18,7  | 14,9<br>15,1 | 0   | 0 |
| (8) Chemiefasern   | 4,7<br>4,6  | 6,1<br>3,7   | 0   | 0 |
| (9) Lacke  | 3,3<br>5,2  | 4,3<br>4,2   | 0   | 0 |
| (10) Seifen<br>und Waschmittel                               | 3,1<br>3,7  | 4,1<br>3,0   | 0   | 0 |
| (11) Körperpflegemittel                                      | 2,9<br>5,4  | 3,7<br>4,3   | +   | + |
| (12) Pharmazeutika   | 10,0<br>18,1  | 12,9<br>16,6 | +   | + |
| (13) Tiegewa <sup>3)</sup>                                   | 2,0<br>2,9  | 2,6<br>2,4   | +   | + |
| (14) Mineralfarben   | 2,5<br>4,0  | 3,3<br>3,2   | 0   | 0 |
| (15) Pflanzenschutz- und<br>Schadlings-<br>bekämpfungsmittel | 1,4<br>2,9  | 1,8<br>2,3   | +   | + |
| (16) Fotochemie  | 1,0<br>2,0  | 1,3<br>1,6   | +   | + |
| (17) Bautenschutzmittel,<br>Dachbahnen                       | 0,8<br>1,8  | 1,0<br>1,5   | +   | + |
| (18) Klebstoffe  | 0,8<br>1,4  | 1,0<br>1,2   | +   | + |
| (19) Sonstige <sup>4)</sup>                                  | 8,8   | 11,4         | +   | + |
| (20)   | Angaben des VCI. <sup>2)</sup> Branchenschätzung. <sup>3)</sup> Textil-, Papier- und Lederhilfsmittel, Gerb- und Waschrohstoffe.<br><sup>4)</sup> Zum Beispiel Organische Farbstoffe, Synthesekautschuk, Chemischer Bürobedarf, Putz- und Pflegemittel. |              |   |   |

Key: 1. Product values<sup>1)</sup> (billions of marks)  
 2. Trend in coming years<sup>2)</sup>  
 3. Share held by each field<sup>1)</sup> (percent)  
 4. Inorganic chemicals  
 [key continued on next page]



5. Organic chemicals
6. Fertilizers
7. Plastics
8. Chemical fibers
9. Paints
10. Soaps and detergents
11. Toiletries
12. Pharmaceuticals
13. Tegewa<sup>3)</sup>
14. Mineral dyes
15. Plant-protective agents and pesticides
16. Photochemistry
17. Building-preserving agents, roofing strips
18. Adhesives
19. Other<sup>4)</sup>
20. <sup>1)</sup>data of the VCI; <sup>2)</sup>industry estimate; <sup>3)</sup>textile, paper, and leather processing auxiliaries, raw materials for tanning and detergent base materials; <sup>4)</sup>for example, organic pigments, synthetic rubber, chemical office supplies, polishes and cosmetics, candles

#### Interview With Industry Spokesman

Duesseldorf WIRTSCHAFTSWOCHE in German 17 Aug 84 pp 36-38

[Interview with VCI President Franck by WIRTSCHAFTSWOCHE editorial staff]

[Text] In the future as well the German chemical industry will continue to be one of the growth industries, says Heinz-Gerhard Franck, president of the Chemical Industry Association e.V. (VCI). In a talk with WIRTSCHAFTSWOCHE, Franck explains how the chemical industry intends in this connection to deal with problems of environmental protection and innovation.

[Question] Professor Franck, as VCI president you have taken up the cause of innovation. Whom do you want to motivate with that? The State, so that it will shell out more funds for research? Or your own industry, which is not doing enough research or is accomplishing too little for its high research expenditure? Or the German consumer, to get him to consume more chemicals?

[Answer] The answer is much simpler than your question leads one to assume. In the last 100 years the German chemical industry has moved upward strongly from modest beginnings into one of the leading branches of German industry, and this trend will continue also in the future. The basis for this upward movement and the maintaining of competitiveness in the international trade rivalry, which is becoming increasingly stiffer, is the great innovative power of the German chemical industry.

[Question] Could you be somewhat more precise here?

[Answer] Of course, a great innovative power presupposes large expenditures for research and development. In the current year, these expenditures will be on the order of magnitude of 7 billion marks. With that the chemical industry in the FRG is spending the same amount for the long-term safeguarding of its future as in support of its intermediate-range development, because this year capital expenditures will again be at the same level as expenditures for research and development. Thanks to its great innovative power, the export ratio of the German chemical industry reached the 50-percent mark last year, because of which a net contribution on the positive side of 27 billion marks was achieved for the FRG's trade balance.

[Question] Are you demanding anything from the State?

[Answer] In connection with the extraordinarily high expenditures for research and development, the German chemical industry naturally is advocating that the State should create favorable basic conditions for research in the companies and should not obstruct an efficient cooperation with the colleges, because in the German chemical industry this cooperation has always been rated as very important. Moreover we are asking for the elimination of hindrances to innovation, which in the last analysis are of benefit only to the foreign competition, so that creativity can develop and the emergence of new ideas, new concepts, new procedures, and new products is not prevented.

[Question] Do you regard the chemicals law as a sort of brake on innovation? Or is it not possible that it compels the chemical industry to engage in more economic efficiency in the brainwork involved and as regards financing in research and development?

[Answer] Our experiences up to now with the chemicals law have led to the result that contrary to the original expectations the expense for the associated red tape is too high and the implementation of the law is too costly.

[Question] What then does it cost to test a substance?

[Answer] In the first stage the testing of a substance costs at least 125,000 marks, and the additional testing stages require a sum in excess of 1 million marks. Naturally such large expenditures have the effect of a brake on innovation--that is what previous experiences have shown. The requisite conclusions must be drawn from these findings. Here I would like to stress expressly that in no way does the German chemical industry favor less safety, but merely regulations which are appropriate to the practical requirements and which do not impede innovations in the FRG.

[Question] Boehringer Ingelheim must now close its doors in Hamburg, because in connection with the production process dioxin could be detected in the emissions and in the production wastes. Is it not possible to dispense entirely with products such as lindane?

[Answer] You know that a legal battle has arisen between the company you mentioned and the appropriate authorities. I cannot comment on pending proceedings. Within the VCI, for a relatively long time now there has existed a circle of experts which is investigating all questions connected with the dioxin difficulties, and which is analyzing the material of compiled data and facts in cooperation with internationally recognized scientists. A symposium in which this entire complex of questions is to be discussed thoroughly, objectively, and unemotionally will take place sometime this year, after the conclusion of this work.

[Question] In view of the growing sensitivity about protecting the environment, is it really still useful at all to operate a chemical industry in Germany, or is it not more attractive to leave the constantly increasing environmental requirements behind here and to move to foreign countries with the industry's production apparatus?

[Answer] The FRG is a geographically confined, densely populated country. Therefore the requirements for environmental protection are especially high. I do not need to stress that the German chemical industry takes its responsibility for the environment very seriously. Just last year alone about 4 billion marks were spent for environmental protection. Measured by output, the German chemical industry is at the top worldwide with these expenditures, and in fact has been so for many years now. Success has not failed to come. In past years, emissions have been markedly reduced at the same time that production has increased. This trend will continue in the future.

[Question] And how is the situation with emigration?

[Answer] A move by the chemical industry to foreign countries would be a serious blow to the German economy, with unforeseeable consequences. We do not see this as any real alternative and therefore are doing our part to objectivize and de-emotionalize the environmental discussions.

[Question] Does the chemical industry remain a growth industry?

[Answer] Because of its innovative power, the German chemical industry will remain a growth industry in the future as well. Although the FRG has disadvantages as a location for industry, being a country poor in raw materials, geographically confined, densely populated, and paying high wages, nevertheless over against these disadvantages there are also advantages, such as a good infrastructure, a qualified manpower pool, and a high level of research and development. The necessary restructurings which were brought about especially by raw-material and energy-cost advantages in petroleum-producing countries as well as by substantially lower labor costs in threshold countries were introduced long ago and in part have already been completed by the affected companies of the German chemical industry.

[Question] Where do the strengths of this industry lie?

[Answer] In the future as well, a rapid adaptation to ongoing change and a quick response to the challenges of the market and of technical develop-

ments will remain one of the strengths of the German chemical industry. One of the special assets of chemical research in the FRG is the traditionally close association with research in the colleges, with the companies making a noteworthy contribution, in an unbureaucratic and performance-oriented way, to the promotion of basic research at the colleges by way of the chemical industry's funds. All findings indicate that in the next two decades a wave of innovation will take place within the chemical industry, since many new discoveries and inventions are at the point of being converted into practical applications. In order for the German chemical industry to participate optimally in this wave of innovation in the interests of the German economy and the creation of new jobs, it is important to provide basic conditions which are as favorable as possible.

[Question] What share is held by the German chemical industry, inclusive of its foreign subsidiaries, in the chemical industry worldwide?

[Answer] Last year the share held by German chemical companies in world chemical sales was at least 7 percent. With the inclusion of sales from foreign production, the share amounts to 10 percent.

[Question] Is this group growing more rapidly than the chemical industry worldwide?

[Answer] Not really. In the years of the recession its share even declined slightly. However, in these determinations the exchange rates also play an important role. Because of the powerful upvaluation of the dollar, the share held by the German chemical industry is presented as somewhat smaller than it actually is.

[Question] Where do the centers of growth for the chemical industry lie in the world?

[Answer] Above all in the United States and Japan. But in the last decade also the OPEC countries and a few threshold countries have been able to markedly increase their share in the world's sales of chemical products.

[Question] Should the chemical industry follow after its markets in the Third World with production facilities, or should this remain an esoteric science of the industrial nations?

[Answer] The chemical industry has followed after its markets in the Third World with production facilities for a long time now. No other branch of industry has committed itself so strongly in the developing countries. The German chemical industry's share in the direct investments in developing countries from the FRG is more than 30 percent. In this it is far at the top. The chemical industry is certainly not an esoteric science of the industrial nations. But it is true--something which after all I have pointed out repeatedly already--that this industry is particularly research-intensive. About a fourth of the total research expenditures by industry in the FRG comes from the chemical industry. Naturally this sort of know-how which has been worked out at such a high cost cannot be passed on free of charge. A technology transfer from the industrial nations to other countries presupposes an adequate patent protection.



## EC COMMISSION TURNS ATTENTION TO 'NEW POVERTY'

Bonn DIE WELT in German 27 Aug 84 p 12

/Article by Wilhelm Hadler: "Brussels Proposes DM 80 Million"/

/Text/ The EC Commission has submitted to the Council of Ministers a "program for decisive measures by the Community to combat poverty." It is to support model projects and research work on a European level, dealing particularly with problems of social decline caused by the economic crisis.

In the commission's opinion, continued high unemployment--especially among those fresh out of school--has given poverty a new face since the middle of the seventies. Even at that time, the number of poor in the 9-member EC had been estimated at about 30 million people.

In the opinion of the Brussels experts, this "new poverty" not only affects the young or the long-time jobless, but also single mothers (because of the rise in illegitimate births). In addition to the "traditional" poor--the elderly and homeless--, in the meantime many guest workers who have returned to their native countries must be counted among the poor.

Correspondingly, the proposed 5-year program is to cover research and demonstration projects on the poverty of specific population groups in Europe.

The commission expects that at least four or five member states will participate in each subject area, and that every EC country is addressed specifically by at least one of the selected projects.

Planned are a constant exchange of experiences and methods, rapid dissemination of the knowledge gained from the projects, and constant supervision and performance control of the Community-financed projects.

The commission advocates dissemination of knowledge of these problems, and the extent of poverty, "through use of all the media." Although solidarity among the member states is expressed through social contributions, "most inhabitants of the Community practically do not notice the poor people all around them." To gain a more thorough insight into poverty, it is also necessary to prepare and evaluate appropriate and comparable statistics on the various dimensions of poverty. For this reason, the commission plans this coming autumn to call, for the first time, a conference of social statisticians from the Community.

The EC authority has proposed funds of 35 million ECU (DM 78.4 million) for the 5-year program. However, in view of the Community's empty coffers, it is not at all certain whether the finance ministers will appropriate this amount.



## BRIEFS

TRADE WITH ARAB COUNTRIES INCREASES--The trade of Greece with the Arab countries marked an increase during the first quarter of 1984 compared with the corresponding 1983 period and especially in the imports by Greece from the same countries. According to data in the Greek-Arab Chamber of Commerce and Development [AEEA] the Greek imports during the January-March 1984 period from the 18 Arab countries (Algeria, Egypt, Iraq, Jordan, United Arab Emirates, Katar, Lebanon, Libya, Morocco, Bahrain, Oman, Saudi Arabia, Sudan, Syria, Tunisia, North Yemen and South Yemen) increased by 53.7 percent and reached 21.1 billion from 30.9 billion drachmas. Especially noteworthy were the imports from Egypt, Iraq, Kuwait and Libya. These developments show that the Greek trade deficit, which was 400 million drachmas during the first quarter of 1983, increased by about 10 billion drachmas during the corresponding quarter of 1984. [Excerpts] [Athens I VRADYNI in Greek 5 Sep 84 p 15] 7520

CSO: 3521/357

## ELECTRONICS, DATA PROCESSING PLAN SHORTFALLS EMERGE

Madrid ABC in Spanish 17 Sep 84 p 41

[Article by Juan Manuel Saez]

[Text] A year after the implementation of the National Electronics and Data Processing Plan (PEIN), which was designed primarily to create order and lay the groundwork for the sector's future development, the first alarms are being sounded regarding the failure to meet specific objectives and proposals.

One of those alarms, perhaps from the most qualified source, was sounded by the president of the National Confederation of Electronics and Data Processing Firms (CEDEI), Pedro Mier Allende. In statements to this newspaper, he asserted that "If no steps are taken to meet the directives of the PEIN (let us not forget that this plan contains only recommendations or directives to follow), it cannot be effective." He added, "We like to talk about what is done well, but at this time we have no choice but to point out the promises that have not been kept."

Within the package of problems still to be solved, Mier Allende stressed three very specific ones: public purchases, criteria for favoring national industry, and quality control.

#### Public Purchases

Regarding public purchases, he noted that it was one of the key elements for mobilizing the sector (60 percent of the market): "Nothing has been done; purchases have not been scheduled over a given period of time. The immediate consequence is what is happening to us right now: A series of contracts come up for bidding all at the same time, the bidding takes place, and if you win the contract, you have trouble producing the quantities required in the period demanded. If there had been planning, it would have been easier and cheaper."

For Julio Gonzalez, director of the National Association of Electronic Industries (ANIEL), who also took part in the conversation, the issue of public purchases requires a great deal of discipline on the part of the entire administration, discipline which must be imposed by the Ministry of Industry: "It is not that the Ministry of Industry has not tried to set forth some

specific criteria. . . the problem is, there are too many matters being handled by the different ministries."

After discussing the problem of quality control ("practically nothing has been done, and when we enter the Common Market it will be too late for our industry"), we moved on to the issue of possible solutions. The president of the CEDEI was very clear: "Management must be consulted; as long as this is not done, the PEIN cannot be carried out. There is no follow-up commission that could solve many problems."

Julio Gonzalez adds in this regard: "Here the government must devise a policy to foment some key technologies such as those of the electronics sector, something that is done in all European countries."

Finally, when we mentioned the problem of Spain's dependence and the fact that we have not been able to develop our own technology, the ANIEL director asserted the contrary: "That is a hackneyed subject. Data processing is not just manufacturing a microcomputer. Major data processing developments have taken place in Spain: The 'tesys' is important; the Spanish Company of Communications and Data Processing, Inc. (SECOINSA) has done a certain amount in data processing development . . . So Spain is not as advanced in data processing as France, Italy or England? Why? It is a question of money. In other words, the French, the English and the Italians have invested millions of dollars in national data processing projects several years in a row, and have developed a data processing industry that is still losing money today."

"In Spain, nothing has been invested. When we talk of SECOINSA, we are talking about capital investments of 3 or 4 billion pesetas, which is what France invests in a week."

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## PREDICTION OF INCREASED INVESTOR RISK TAKING

Madrid ABC in Spanish 17 Sep 84 pp 34-35

[Article by Juan Jose Cervera]

[Text] Upon returning from their summer vacation, many Spaniards take a more or less explicit and orderly look at their investments, questioning the efficacy of these investments in terms of the new developments that have taken place during this period, and in view of the circumstances that could have a considerable impact on them. Thus, this might be a good time to review some of these elements and try to draw some general conclusions for use in examining one's strategy for investing capital.

In addition to the soccer players' strike, which does not for the moment appear to have any direct effect on the future of investments, one of the issues in the news that has perhaps drawn the most attention in the media in our country is the negotiations on Spain's membership in the European Economic Community (EEC), closely linked to the debate on whether we should stay in the North Atlantic Treaty Organization (NATO), leave it, or step up our participation. What we find is a country less isolated from other countries, and apparently more Westernized. This brings obvious economic consequences in terms of the reduction of what we might call the "Third World" risk, and it involves an element of special importance at a time when the principal economies of the world are moving away or emerging completely from the crisis.

A second noteworthy point stems from the efforts, more or less sincere and more or less election-oriented, to sign some kind of economic and social agreement. Any pact of this nature would help settle doubts about the future, and therefore reduce the levels of uncertainty. This is always a good thing when it comes to the future returns on investments made in the present. At least we have a frame of reference which is expected to be observed.

In purely economic terms, there have been no significant developments except for inflation, where pressures stepped up in the month of July. If they continued to mount in August, as seems possible, the situation could be of concern and we could forget about even coming close to the government's predictions. In addition, unemployment continues absolutely unabated; the economy will grow only modestly, despite support from a bumper year in agriculture; and the situation in our foreign sector will improve visibly due to the

increase in our exports with the dollar in the stratosphere and a tourist season that will undoubtedly be good.

The decline in interest rates is another important development that has a major impact on our investments. It is the best possible news for the stock market, which has reacted as expected. This trend must be consolidated, anyway, since interest rates do not decline by decree, not even fiscal decrees, and pacts are often fragile. The inflationary tension mentioned above, of course, poses a clear threat to this consolidation.

In the legislative area, we have not yet recovered from the shock of the bills on Repression of Fiscal Fraud and the Fiscal System for certain financial capital, and we are already engaging in attempts to divine the future concerning what the government plans to include in the draft budget in the areas that have a decisive impact on the profitability of an investment after taxes, especially tax exemptions. On both issues, the budget and the aforementioned bills, we will in all likelihood see some interesting debates throughout the fall. What does seem certain, given the experience of the last few years, is that it will be increasingly difficult to count on a stable legal framework that will allow for fiscal and legal capital planning with minimal guarantees of permanence.

In view of this situation, we already have sufficient reason to revise our capital structure at present, in terms of the different blocks of investments that comprise it, to carry out a diversification adapted to the new circumstances. As usual, we will apply the security-liquidity-profitability plan, in that order, although with some variations.

First of all, we think that the vast majority of investments are still primarily concerned with the security of the capital invested, although we also believe that there is a higher number of investors willing to run greater risks, provided that there is a correspondingly greater likelihood of profits. Liquidity, understood as the possibility of recovering the investment without penalties, continues to be a factor of prime importance.

Nonetheless, if effective measures are taken to support risk capital, as has been rumored recently, the hunger for profits may increase considerably, especially if the investor feels that the systematic level of risk of investments in our country could decline in the future as we become more Westernized.

In addition, the extraordinary thirst for liquidity that Spanish investors have shown in recent years could change if interest rates continue to drop. Throughout this autumn, investments will probably still be made at high rates, and the investor may lose his fear of immobilization precisely because he will be charging high interest rates during a long period in which those rates will decline.

Therefore, despite the problem involved in establishing rules or general guidelines, we think that this could be the time to accept greater risks and longer terms for investments. Such investments should certainly be studied



with great care, and capital management specialists should be consulted for help in this difficult task.

Now we will present a very general overview of the different blocks of capital investments considered to be the most important; in later articles we may deal with some of them in greater detail.

As always, it should be noted that the percentage recommendations set forth here refer to standard capital willing to assume a medium to low level of risk. Each individual case should be analyzed from a subjective point of view in terms of the legal circumstances of the capital and the personal needs of its owners. From that basis, a valid investment strategy can be devised for a specific kind of capital.

**Fixed Short-term Earnings:** Understanding short-term to mean investments for a year or less, this has been one of the blocks preferred by investors in recent times because of the low risk resulting from the quality of the issuers of business, bank and treasury notes.

Promised earnings have been declining recently, and then there is the problem of reinvestment at whatever rates are prevailing in a year, probably lower ones. On the other hand, once the Fiscal System bill governing certain financial assets is passed, the discount assets issued from then on will be subject to withholding, paying taxes as capital yields instead of accrual of assets as at present. Therefore, their after-tax profitability will be different under the new legislation.

We recommend that about 10 percent be maintained in this investment block.

**Fixed Long-term Earnings:** This category includes bonds and debentures issued for more than a year, as well as mortgage bonds. Bank bonds have been of great interest traditionally, and recently electrical bonds and debentures and the recent issues of government bonds have also been attractive. For various reasons, they have drawn the attention of investors, and have been strong growth markets.

For the above considerations, we feel that this could be a good time to make a bold move into this block of capital assets, capitalizing as well on what could be the last year of interesting tax advantages: the exemption of most of these assets, the exemption of donations and issues of industrial bank bonds, a highly favorable tax situation for electrical bonds and debentures, and exceptional interest rates on government bonds, if the government dares issue bonds again at such rates.

Since these assets are issued for long terms, a decline in interest rates would have a positive impact on their prices on secondary markets; consequently, there would be few problems in liquidating them early.

A prudent investment in this category could be about 20 percent of one's capital.

**Variable Earnings Stocks:** The fact that the stock index is above 140 percent has probably surprised many investors. However, by the end of last year the experts were already predicting overwhelmingly that 1984 would be another good year.

Without going into details about the reasons for this spectacular rise, let us just note that early this year the Spanish stock market was the cheapest one, offering the highest yield on dividends of all the major stock markets of the world. The prospect of lower inflation and interest rates, along with the recovery of profits in some major sectors and businesses, attracted demand to the securities market; foreign investors were particularly drawn by the weakness of the peseta.

At present, the experts believe that we may still be at the beginning of an upward cycle that could last for some time. In fact, there are still reasons to rely on the market, such as greater support for risk capital by the administration, the signing of the Economic Social Agreement, or the law on Pension Funds, for example. On the negative side, the outbreak of inflationary tensions is, of course, bad news.

In any case, we think it would be a good idea to take advantage of the opportunities that undoubtedly will crop up in the next few months, in order to gain a better position in this block of capital investments. Up to 20 percent of one's capital could be invested here without abandoning conservative positions. Now, both the timing--the moment one enters and leaves--and the selection of appropriate securities will be crucial, and that requires time and adequate information. Therefore, do not hesitate to consult the experts or to put yourself in the hands of professional capital managers. They spend all their time and technology thinking about these issues.

**Investments in Foreign Currencies:** This category has recently picked up for investors, since the government once again authorized the purchase of papers issued in foreign currencies by the Kingdom of Spain and Spanish firms or organizations. This time issues by organizations in which Spain participates have not been allowed, so there is a poorer offering, but there can still be opportunities. Therefore, we would devote about 5 percent of our standard capital.

Selecting the appropriate currency is not exactly easy, especially when one must commit oneself to a year without changing the investment. Since the dollar has become a refuge currency, and the U.S. elections are right around the corner, we are seeing its parity with the peseta reach record levels nearly every day. But no one would dare predict what will happen in the next 3 or 4 months to its relationship with other strong currencies.

From a conservative point of view, the best alternative could be to invest in marks, and to wait and see if the Kingdom of Spain issues anything in yen.

**Real Estate:** This category continues to be the weightiest element in the capital structure of most Spanish investors. After a severe crisis in this sector, it may be on the verge of revitalization and entering a new phase of

sustained growth. About 35 percent of our investments may remain in this category, therefore, keeping it in first place among investment blocks.

It is still difficult to recommend specific investments, given the variety of opportunities and the lack of standardization of such investments from the standpoint of the non-specialized investor. In general terms, it can be said that "lease-back" contracts have dropped slightly in yield, hovering around 12 percent on the average. There may be interesting promotions, but one must act very selectively and trust someone who knows the market well.

**Securities Investment Funds:** We have separated investment funds as a specific capital block because of the varied offerings that are emerging within this type of collective investment instrument, as the process of specialization begun a few years ago becomes consolidated.

The traditional advantages provided by this kind of investment—professional management, easy access to information, proper administrative functioning, etc.—have been augmented by the fact that they are suitable for tax exemptions. This is quite a consideration, given the paucity of assets openly suitable for this treatment, that is, at all times of the year.

As for specialization, we now have money funds suitable for realizing liquidation and investment expectations, fixed-earnings funds, mixed funds, and a discount fund, whose portfolio is invested exclusively in securities investment corporations with significant discounts.

In addition, a number of formulas are on the market that are carried out through investment funds and are really deferred savings plans. They may be of great interest to many investors. The individual retirement account and personal retirement plan, in the area of complementary retirement and pensions; and the systematic savings plan and systematic investment plan, are some of the best known formulas.

We would devote 5 percent of our capital to this block.

**Miscellaneous:** Finally, 5 percent of our capital would go to the miscellaneous category; we would devote this to non-financial investments, which often can be enjoyable, such as art, books, wines, stamps, etc., or security investments, such as gold or investment-quality diamonds.

The fact that these markets are hard to figure out makes it advisable to go to reputable firms when it comes time to invest or seek advice.

#### Medium to Low Risk Portfolio

|                            | %  |
|----------------------------|----|
| Short-term Fixed Earnings  | 10 |
| Long-term Fixed Earnings   | 20 |
| Variable Earnings (Stocks) | 20 |
| Real Estate                | 35 |
| Foreign Currencies         | 5  |

|                           |       |
|---------------------------|-------|
| Investment Funds          | 5     |
| Miscellaneous (gold, art) | 5     |
|                           | <hr/> |
| Total Capital             | 100   |

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## COMMENT TRACES YAZAR-OZAL ECONOMIC POLICY DISPUTE

Istanbul DUNYA in Turkish 15 Sep 84 p 1

[Editorial: author unspecified]

[Text] The President of Chambers of Commerce Mehmet Yazar had expressed his misgivings about current economic policies during the recent meeting in Ankara between the private sector and the government to which the reaction of Prime Minister Turgut Ozal had been pretty strong. Ozal reminded Yazar that he was at the head of a professional association, warning him that he was "getting involved in politics".

It is known that the present constitution limits the political activities of professional associations in no uncertain terms. With regard to the Yazar-Ozal policy dispute the general impression gained by the press has been that Yazar backtracked after that warning, making overtures to mollify the situation.

However, at the Chambers of Commerce Economic Council meeting held in Eskisehir the other day, Yazar has gone beyond mere criticism. He flatly stated that "current economic policies should be abandoned". Speaking between the lines, Yazar argued that the current economic policies pertained to an "extraordinary" period. "Now that a new era had started, it is inevitable that new economic policies should be implemented."

Yazar bases the new policies on the premise of "growth", saying that "there should be growth so that unemployment is brought down to some degree". He points out that in the struggle against inflation merely holding down domestic demand will not be sufficient, stressing that production should be increased. Exports may then reach a healthier situation and become more consistent. Yazar says the following:

"Inflation is a major problem in countries where a free market economy is implemented because it is a phenomenon causing imbalances upsetting all existing balances, bring about an unjust income distribution in society as well as mis-allocation of resources, and instability. If one attempts to implement the market economy without bringing inflation under control, it is quite likely that some time later the resulting malfunctions will throw the whole basis of the regime into question, albeit unfairly."

Yazar's move has been interpreted in the press as "criticizing the government



like an opposition leader". Moreover, whether a "new party was in the offing" became a topical question once again.

The political dimensions of the incident has not attained clarity as yet. However, can there be any significance to Yazar's choice of Eskisehir as the venue of that move? Eskisehir Chamber of Industry is known for its longstanding, lone advocacy of a nationally based policy of industrialisation. There is increasing speculation as to whether today's debate between Ozal and his opponents is essentially a contest between "national and international capital".

Another question that is being asked is whether Yazar has been "acting on his own or with a certain base of support". TUSIAD (The Association of Turkish Industrialists and Businessmen) President Ali Kocman points out that private sector has not been able to adjust to current policies of tight money, high interest rates, and devalued currency, and consequently the private sector may fail to sustain itself with the same effectiveness. This is the basis of a certain type of reaction. In a similar vein, Ibrahim Bodur, Istanbul Chamber of Industry (ICI) board chairman, speaking at the 32nd anniversary of the ICI, gives every impression of lending support to Yazar when he says:

"The maintenance and preservation of industrial companies which are the fruit of so much labor is the primary duty of relevant authorities."

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## LABOR CONTROVERSY FUELED OVER WORKER LAYOFFS

Istanbul COMHURIYET in Turkish 16 Sep 84 pp 1,8

[Text] Bankruptcies and market layoffs are on the rise. 65 workers at Birlik Teneke (tin) Co., and 45 workers at Perfektup Ambalaj (packaging) Co., were dismissed, and 50 workers were given indefinite leave at Guler Elektronik Co.

While Ilhan Dalkilic, acting president of Independent Autoworkers Union, called for government measures to deal with the problem of bankruptcies and worker layoffs, Erdogan Atakan, personnel manager of Perfektup cited the "business crisis" as reason for the dismissal of 47 workers.

Pointing out that for the last three to four months many workplaces have been closed down and workers dismissed, Dalkilic asserted that fraudulent bankruptcies are on the rise. He demanded that "the government take the matter into its hands". Charging that employers are citing their relatives and close friends as first and second order claimants thus relegating the workers' seniority pay and other entitlements further back in priority, Dalkilic announced that unless the dismissed workers are not paid their seniority pay, notice pay, and wages they will be resorting to legal action.

Perfektup personnel manager Atakan declared that the dismissal of (47) workers was undertaken with the permission of Martial Law Administration and Regional Labor Office. He cited the "business crisis" as reason for the dismissals, adding the following comments:

"New orders are not coming. We are having financial problems. Our labor force fell from 550 to 350 workers. We terminated 17 of the 47 workers we intend to dismiss. If business picks up we will stop at that. We are anticipating export orders. I don't know whether this crisis is the result of government policy or not. But the whole world seems to accept the government's policy...."

Atakan stated that the dismissals were made according to the lists provided by the foremen, and that there weren't wholesale dismissals from one section only.

The dismissed workers, on the other hand, claimed that the dismissals had nothing to do with orders or production. Whenever contract negotiations come up such problems are created by employers, claimed the workers.

One of those dismissed from Perfektup, 41-year old Sacit Sungur said he had been

working for 23 years, and there were no grounds for his dismissal. Sungur wanted to know "if there was a business crisis why they keep working overtime". He also pointed out that new workers were hired two months ago.

#### Clause No. 13

Cemalettin Ozer is among those dismissed. He is 34 years old, been working for 17 years. He explained the dismissals as follows:

"In order to render the Autoworkers Union (to whom we belong) ineffective and without jurisdiction at the workplace, our names have been disclosed to the employer on grounds that we conducted union activities outside the workplace. They are trying to base our dismissal on those grounds. When we asked the personnel manager, he responded by saying, "Read clause No. 13, it is all there". Those who advised the dismissals were Muhittin Sarman, Attila Bayrak, Ahmet Ortac, Rifat Demirkiran, Celalattin Ergin, Fevzi Caymaz, and Hamdi Gurbuz.

Another dismissed worker, 40-year old Hasan Kose, a worker for 16 years, also stated that the dismissals had nothing to do with the business crisis, demanding to know "why the senior workers were first to be dismissed, if it was due to business crisis".

One of the workplaces joining the current spate of dismissals is Birlik Teneke Co. Employing 110 workers until about a month ago, 65 workers were dismissed in one day. One of the administrators, Bayram Yavas (in answering the questions of the UBA correspondent) said that the dismissals were not designed to prevent unionisation. Since 1970--when the firm was founded--they have been employing workers with fixed-term contracts. Those workers who completed one full year were given their entitlements. He declared:

"Those who informed you are the ones wanting to create problems. They may have their reasons which may seem right to them.

There is a great deal of unemployment due to the economic crisis. In the past workers could find jobs when they left us. Nowadays they can't, therefore they are complaining. In our line of work we employ 100 people during the busy season. At other times the figure falls down to 50. The contracts can be drawn for 3-4 years. The present situation has arisen because the workers did not cooperate with us with regard to working hours."

The lawyer of dismissed workers at Birlik, Mebrure Cinmen, stressed that fixed-term contracts were favored by the employer as a means to prevent unionisation. Cinmen attributed the dismissals to such motives by employers, commenting that:

"The contracts could well be false documents. They show these false documents to workplace inspectors. The majority of workers are members of the Autoworkers Union. The employer is against the union, so he makes oral promises to workers that they could continue working if they resign from the union. They tell some workers that production has gone down. An examination by the Regional Labor Office has indicated that the workers should go back to work, but it is known

that the employer does not heed this call. Knowing that court cases drag on for years, the employers choose the way of litigation, expecting that the workers will be looking for, and finding, new jobs in the interim period. Thus the employer gets his way."

#### Guler Elektronik

The workers at Guler Elektronik are waiting for the reappearance of their employer Erhan Bilal whom they haven't seen for some time. The workers say they are considered to be on leave, and have been given false hopes by being told "you will start today, tomorrow". They explained how one Tahir Uyanik, had told them: "I don't care whether you come or not. I won't bother talking to you."

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